August 1960 75¢

DUN'S REVIEW
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- What's Ahead in Product Design
- Myth of the Magic Expense Account
- Waste in Executive Training

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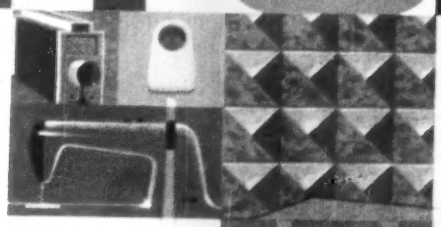

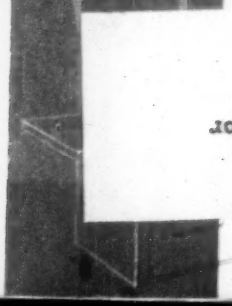

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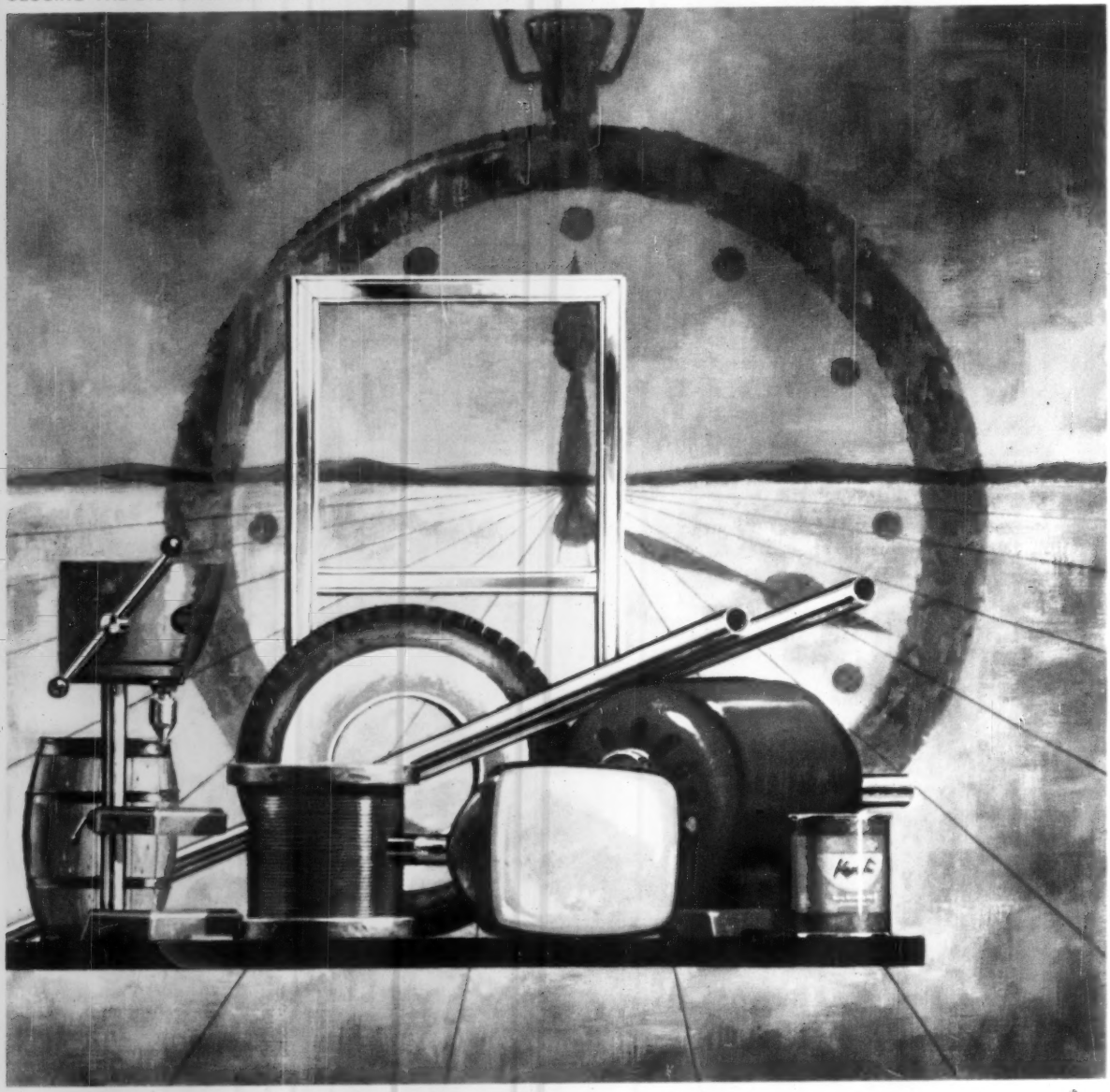

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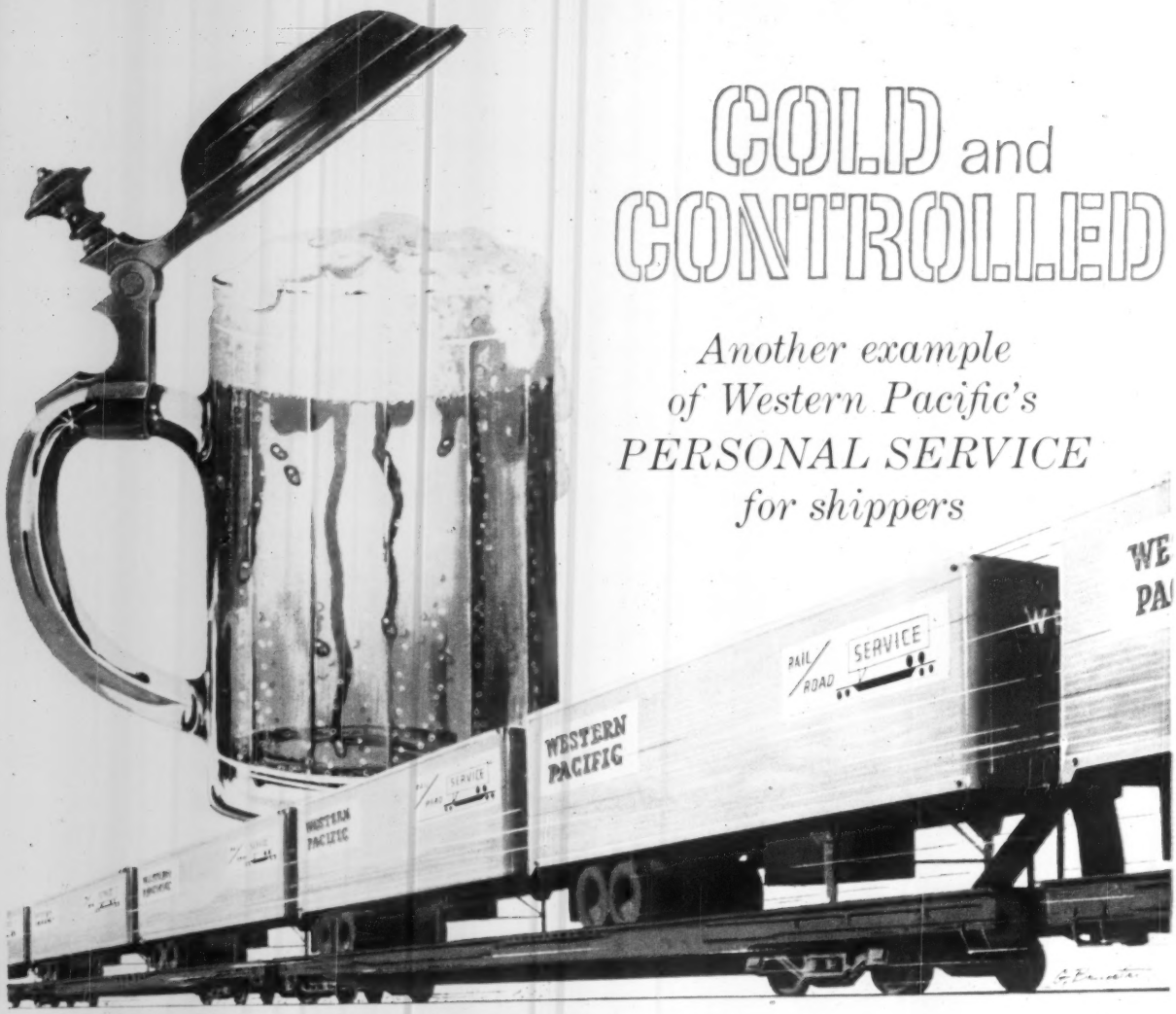

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The Trend of Business

PRODUCTION: *Heading for a new peak, come fall*
SALES: *Moderate gains despite consumer caution*
HOUSING: *Second-half gains in new starts predicted*
FAILURES: *Highest for June in 25 years* (p. 11)

THOUGH the business picture during the rest of 1960 won't show the sparkle many observers once expected of it, it will register modest gains from the current high plateau. Largely responsible will be a moderate rise in the rate of business spending on inventories, and continued high outlays for new plant and equipment. Strength will also be drawn from relatively high levels of retail trade, although consumers will tend to be a little more cautious than they were earlier in the year.

Production will show little change either way until autumn but will drift to a new peak before year-end.

The January peak of 111 (1957–59 = 100) registered by the FRB's seasonally adjusted index of industrial production will probably be matched in September or October and surpassed before the new year.

A major cause will be production gains in durable goods, which have shown—or will show by the end of summer—the most noticeable decline from their early 1960 records. Another cause will be the moderate rise expected in the output of machinery, apparel, textiles, and food products, as well as the anticipated step-up in mining.

With the auto industry currently producing at about half its capacity, the expected marked gain in new orders will necessitate a pickup in steel operations during August. This rise, however, is not likely to be as great as was expected a few weeks ago, since orders from other steel customers—such as appliance makers, construction contractors, and warehouses—will continue to lag until September or October.

It is now highly unlikely that steel output for 1960 as a whole will match the record 117 million tons of 1955. Even if mills operate at an average of 70 per cent of rated capacity during the second half, the total for 1960 will fall short of the record by nearly 3 per cent. One bright spot in the steel picture, however, has been the steady export demand.

Auto output this year will probably be the second best in history.

With the second-best first half on record behind them, auto makers have good reason to believe that 1960 will turn out to be the second most successful year ever, exceeded only by 1955. Production will continue to lag in August, since there will be more shut-downs for model changeovers and more concentration on reducing high dealer inventories. But output schedules should then bounce back close to the high levels we saw earlier this year. The extent of these production gains, of course, depends on consumer reaction to promotions on the 1960 models and their acceptance of the new 1961 cars. Burdensome stocks of 1960 models will mean extensive late-summer sales drives.

With substantial excess capacity in many lines, business men have shaded down their plans for expenditures on new plant and equipment during the rest of 1960. But outlays will probably be high enough to carry the level for the year as a whole close to the record of 1957. Business men, however, have become increasingly concerned about the lag in domestic orders for machine tools and the sluggishness in freight-car orders. Recent profit levels, which were lower than expected, may also influence plant equipment spending plans in the months ahead.

SURPLUS OF EXPORTS OVER IMPORTS *is likely to continue rising for the rest of the year, causing a substantial reduction in the balance of international payments.*

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By early fall the pace of inventory accumulation should pick up, but not enough to reach the high rate of late 1959 and early 1960.

Present inventory-sales ratios are low for this point in a business upturn, especially when comparisons are made with other postwar business cycles. The bottom probably will be reached by September. In the months following, a moderate rise in the rate of inventory build-up will occur, and this will be especially true in some lines of durable goods. The increased use of electronic inventory control and other new means may mean that business men are thinking differently about desirable inventory levels. This could easily result in more caution in late-in-the-year inventory accumulation, but a definite rise is still probable.

As a result, manufacturers' new orders will expand and may eventually surpass sales, after lagging behind for several months. The excess of new orders over sales will not be great—but it should be extensive enough to help strengthen the economy through the fall months.

This modest improvement in the new order picture will reflect the steady, encouraging high level of retail sales, though gains here, too, will be moderate. Increased interest in furniture, laundry equipment, refrigerators, and apparel will offset a possible drop in the sales of television sets, radios, and some other household goods. Over-all retail trade in the second half is sure to exceed that of both the first half of 1960, when bad weather plagued retailers, and the second six months of 1959, when the effects of the steel strike were felt.

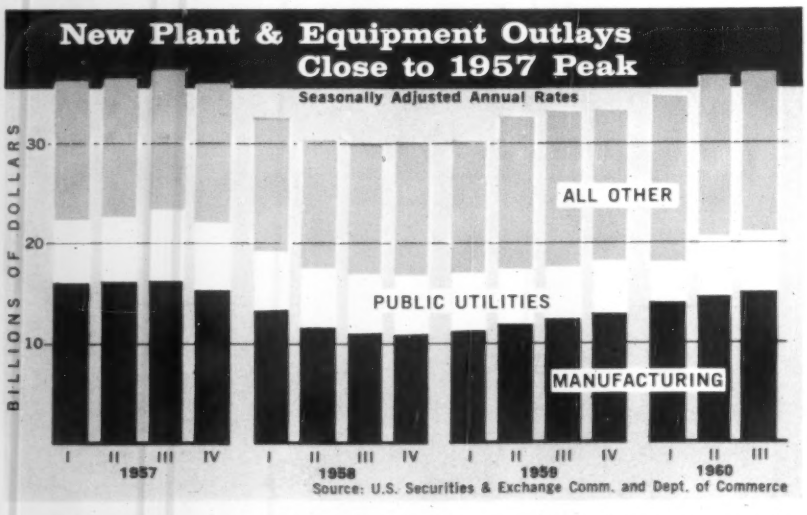
Despite these anticipated gains, the latest "Consumer Attitudes and Inclinations to Buy" survey conducted in May by the University of Michigan Research Center reports consumers have become a little uneasy about the business outlook. Consumer buying plans, especially for cars and houses, were noticeably less sanguine than they were when the last survey was conducted in February. The interviewers found a relatively high amount of worrying about a recession, but few fears that a deep depression would occur.

At the moment, it appears that over-all retail sales for 1960 as a whole will exceed 1959 by about 4 per cent. This means a new record, but it's definitely a smaller gain than was expected by many early in the year.

Already showing signs of slackening, the rate of increase in instalment credit outstanding will subside.

The decline in consumer confidence will probably have its greatest impact on the pace of instalment buying. New extensions of instalment credit will drift lower and repayments will rise, a development which will cut into gains in instalment credit outstanding.

Part of this will stem from increased consumer interest in saving. In addition—although even more records in the number of employed

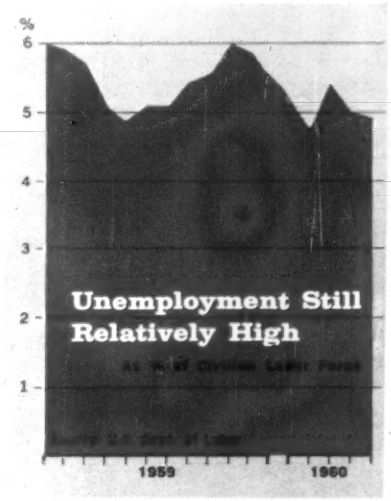


BUSINESS MEN *scaled their third-quarter plans for new plant and equipment spending downward, but the level for the year as a whole will come close to the 1957 record.*

can be expected—as the labor force expands, the number of jobless will stay relatively high. This will have somewhat of a restraining effect on consumer buying plans.

During the rest of the year, consumers will find little change in price levels, except possibly for transportation, medical care, personal care, and recreation. Although higher food prices will again nudge the Consumer Price Index to new record levels before early fall, increases will be minor and the index will be stabilized in the months that follow.

Business men also will find that wholesale prices are going to continue stable. The reasons: increased competition, excess capacity, and the



SO FAR THIS YEAR, *the seasonally adjusted unemployment rate has remained well above the desirable 4 per cent level.*

achievement of a surplus in the Federal budget.

During the second half of the year, the economy will gain increased support from home building.

Although the declines in new housing starts and the drop in dollar value of residential construction so far this year have been greater than expected, the outlook for the rest of 1960 is brighter. Prospective home builders will be encouraged by less noticeable increases in building costs and a continued easing of mortgage terms.

Perhaps one good indication of the improvement in the housing outlook has been the recent steadying of applications for mortgage insurance on

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new homes, as reported by the Federal Housing Administration. The level of new housing starts for the year as a whole is likely to be somewhere around 10 per cent below 1959, despite the substantial second-half gains.

Although the over-all value of construction outlays so far this year has run slightly below a year ago, the total for all of 1960 should be slightly above 1959. Some of the boost will come from the last-half gain in residential building. Continued high levels of industrial construction will lend much support. And another source of strength will be further moderate gains in commercial outlays.

Business men and Government officials have been pleased with the recent improvement in the surplus of exports over imports. This surplus level will be maintained or even increased in the months ahead as economies abroad, especially in Western Europe, continue to operate at near-boom levels.

Much of the improvement in the export-import picture so far has been caused by the pick-up in steel exports and the decrease in auto imports. Marked gains in farm exports, especially cotton, have also had a favorable influence.

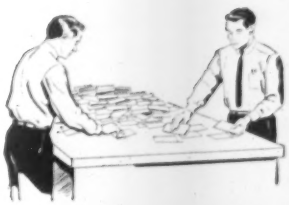
As a result of this better trade balance, the 1960 deficit in the balance of payments will be substantially reduced from what it was in 1959.

The Federal Reserve Board has been puzzled by the decline in the money supply that has persisted in recent months. The size of this supply —the volume of demand deposits plus currency in circulation—indicates how much money is available to conduct the cash business of the economy.

Even though the Federal Reserve is not yet seriously concerned about any stifling effect the drop may have on business expansion, its policy is now geared to increasing the money supply by giving it a chance to rise. Giving it a chance, however, is about as far as the Federal Reserve considers it necessary to go. It will not make any definite move to push the supply up.

This report was prepared in the Business Economics Department, DUN & BRADSTREET, INC., by John W. Riday.

Inventory control
speeded with a Tickometer



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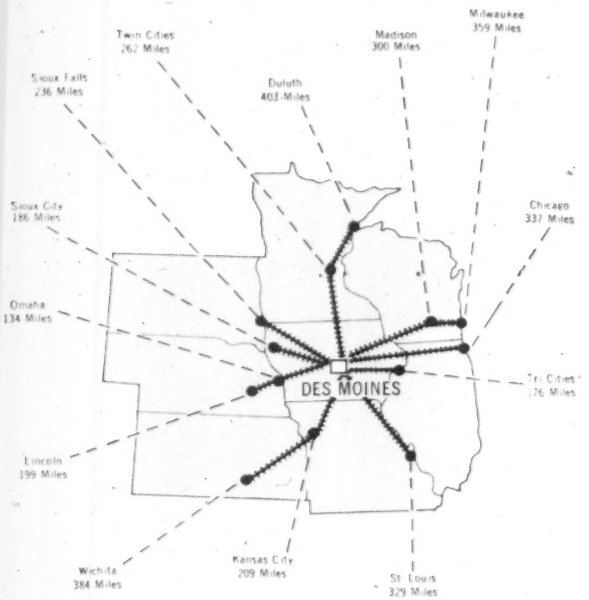

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The Rock Island has many choice industrial sites available in Des Moines and other Iowa cities. If the following information about Des Moines interests you, get in touch with us for more specific details. We'll work with you in strictest confidence.

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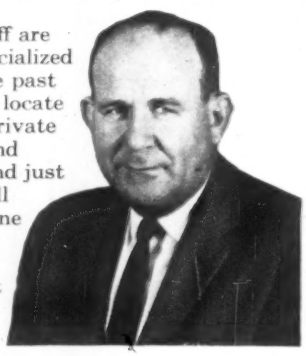
HOUSING: 16,533 new housing starts in nine years ('51-'59); four attractive residential suburbs within a six mile radius of downtown; average sale property value is $14,459; monthly rentals average $15 per room unfurnished; Des Moines is engaged in a very aggressive Urban Renewal Program involving a total of 662 acres.

THE COMMUNITY: 70 elementary and high schools with an average of 29.5 students per classroom; Drake University and Grand View College, as well as several commercial colleges giving complete courses in business training; 56 parks and community centers; 12 hospitals staffed by 443 doctors; annual budget of $17½ million for welfare; lovely art center; good community theater program; city auditorium which presents many fine entertainment and athletic events.

COMMERCIAL SERVICES: 51 classifications of industry with 361 manufacturers, 550 distributors and wholesalers; 19 contractors for new plant construction; exceptionally wide diversification of commercial activity.

CLIMATE: Average mean temperature is 49.8°; average monthly rainfall 2.64" (31.68" average annual rainfall).

The man who knows Des Moines industrial sites like the back of his hand is B. M. Schwartz, Rock Island's General Freight Agent.



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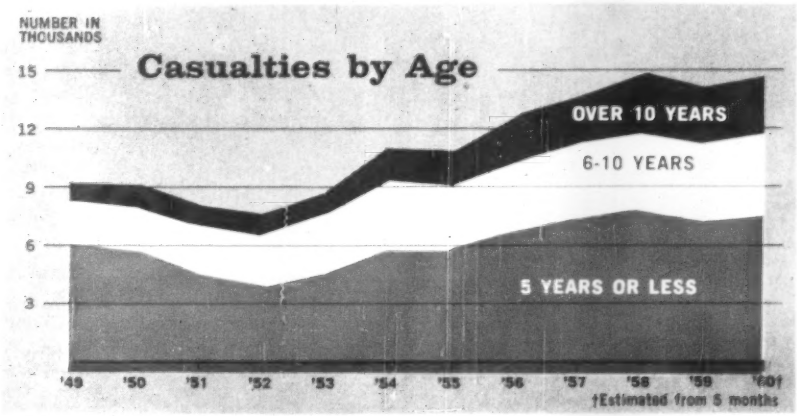

BUSINESS failures, reversing the dip in May, rose five per cent to 1,334 in June. This toll, although the highest for any June in over twenty-five years, remained below the level in March and April of this year. Casualties were occurring at a rate of 57.2 per 10,000 businesses listed in the DUN & BRADSTREET *Reference Book*. While the rate moved up moderately from 54.1 a month earlier and 53.8 a year ago, it continued below the 1958 level.

A strong upsurge lifted dollar liabilities of June casualties to a record high of $126.5 million. Most of the rise both from May levels and from those in the comparable month last year was caused by failures involving liabilities of $100,000 or more. In fact, eighteen of the failing concerns had losses in excess of a million dollars. Liabilities bulked noticeably larger in all types of operation and in all geographic areas.

Retail trade accounted wholly for the May-to-June rise in the number of casualties—the toll there was the heaviest since April 1958. All trades except drugs suffered more failures than a month earlier, with the sharpest increases in furniture, general merchandise, and apparel.

Among construction contractors and among manufacturers, casualties steadied at the May level, although some contrasting trends appeared in manufacturing. Mortality in the furniture industry ran the heaviest since the middle of 1958, but failures in machinery and transportation equipment dropped sharply.

Tolls in both wholesaling and commercial service took a downturn in

THE FAILURE RECORD

	June 1960	May 1960	June 1959	% Chg.†
DUN'S FAILURE INDEX*				
Unadjusted	57.2	56.8	53.3	+ 7.
Adjusted, seasonally	57.2	54.1	53.8	+ 6.
NUMBER OF FAILURES	1334	1273	1244	+ 7.
NUMBER BY SIZE OF DEBT				
Under $5,000	143	148	167	−14.
$5,000-$25,000	591	561	583	+ 1.
$25,000-$100,000	423	444	397	+ 7.
Over $100,000	177	120	97	+82.
NUMBER BY INDUSTRY GROUPS				
Manufacturing	228	229	203	+12
Wholesale trade	110	135	130	−15
Retail trade	680	564	633	+ 7
Construction	213	214	167	+28
Commercial service	103	131	111	− 7
	LIABILITIES (*In thousands*)			
CURRENT	$126,450	$73,307	$49,197	+157

*Apparent annual failures per 10,000 enterprises listed in the DUN & BRADSTREET *Reference Book*.

†Per cent change, June 1960 from June 1959.

In this record, a "failure" occurs when a concern is involved in a court proceeding or in a voluntary action likely to end in a loss to creditors. "Current liabilities" here include obligations held by banks, officers, affiliated and supply companies, or governments; they do not include long-term publicly held obligations.

How 1027 American Companies Make Increased Profits in

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WHY have American businessmen invested more than $700,000,000 in Australia?

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Second, *your capital is safe* in Australia. The Government believes in free enterprise and the economy has been stable for generations. The people speak your language. And jets now bring Sydney within one day of San Francisco.

Third, is Australia's *lenient tax structure.* The maximum corporate tax rate is only 37½% and the maximum rate of withholding tax on dividends paid to U.S. investors is 15%. By agreement, the U.S. gives you full credit for those taxes paid in Australia. And there is no capital gains tax at all.

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General Motors
Ford • Chrysler
Bendix • Caltex
Philip Morris
Heinz • Goodyear
Timken • Admiral
Caterpillar
Borg-Warner
Parke-Davis
Standard Vacuum,
and many others

Fourth, *every dollar of profit you make after taxes may be returned to the United States* but most American investors have, with advantage, ploughed back their profits and increased their production.

Fifth, is the *flexibility* of doing business. Many U.S. companies have built their own plants. Some use Australia as a distribution base. Still others earn royalties through licensing agreements with Australian companies. With abundant natural resources, many yet untapped, and a skilled labor force, Australia's future growth provides an inviting economic opportunity.

AN INTERESTING BOOKLET: The Australian Trade Commissioners would be happy to discuss proposals with businessmen and give them every possible assistance. They have available an interesting booklet on profit opportunities. They will also provide detailed information about your own industry and the market for your products. No obligation of course. For the booklet,-write to:

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Dept. D
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Chicago: 6 North Michigan Avenue
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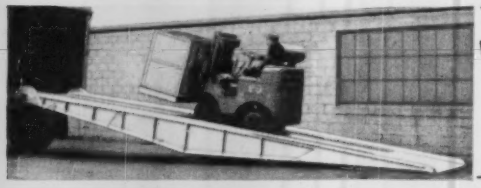

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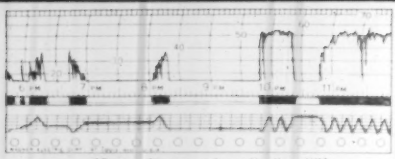

(Recording on chart "tells all")

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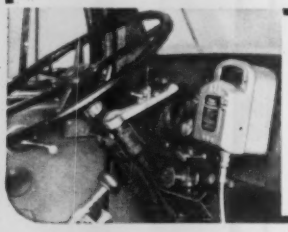

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June, and neither group had as many casualties as a year ago. Increases from 1959 levels, on the other hand, prevailed in construction, manufacturing, and retailing. The marked climb of 28 per cent in the construction toll centered among general builders and heavy construction contractors. In all retail trades save drugs, restaurants, and appliances, casualties were heavier than a year ago—over 25 per cent more in apparel, general merchandise and furniture, and 50 per cent more in building materials. In manufacturing, an over-all rise of 12 per cent prevailed.

Most geographic regions had more failing businesses than in May, with the increases primarily in non-metropolitan districts. Compared with June last year, tolls ran some 40 to 50 per cent higher in the South Central States, rose a third in the South Atlantic, and were up about 25 per cent in the Mountain and Pacific States.

FAILURES BY DIVISION OF INDUSTRY

	Cumulative total (Six Months)		Liabilities in million $ (Six Months)	
	1960	1959	1960	1959
MINING, MANUFACTURING	1302	1236	148.6	96.5
Mining—coal, oil, misc.	51	38	10.3	3.9
Food and kindred products	86	89	23.6	7.5
Textile products, apparel	219	204	15.2	9.9
Lumber, lumber products	262	252	17.7	12.1
Paper, printing, publishing	91	83	4.0	3.6
Chemicals, allied products	30	32	1.9	2.5
Leather, leather products	42	45	8.5	4.3
Stone, clay, glass products	24	29	1.6	2.4
Iron, steel, products	86	74	11.7	5.0
Machinery	134	125	22.0	20.8
Transportation equipment	55	46	7.9	4.8
Miscellaneous	222	220	23.3	19.6
WHOLESALE TRADE	737	717	59.2	45.1
Food and farm products	173	156	20.3	14.8
Apparel	24	23	1.9	9
Drygoods	19	19	.8	.5
Lumber, bldg. mats., hdwre	97	76	9.0	5.5
Chemicals and drugs	24	30	2.9	.8
Motor vehicles, equipment	57	49	2.7	2.4
Miscellaneous	343	372	23.6	20.2
RETAIL TRADE	3721	3720	111.4	136.6
Food and liquor	528	603	13.2	16.2
General merchandise	148	175	9.5	13.9
Apparel and accessories	541	598	12.7	27.7
Furniture, furnishings	532	447	18.3	19.6
Lumber, bldg. mats., hdwre	239	223	9.4	7.2
Automotive group	593	513	20.9	13.7
Eating, drinking places	681	722	16.9	20.3
Drug stores	74	57	1.5	1.4
Miscellaneous	385	381	8.9	16.6
CONSTRUCTION	1276	1042	85.3	56.2
General bldg. contractors	490	361	43.6	28.5
Building subcontractors	698	595	35.3	21.0
Other contractors	88	86	6.5	6.7
COMMERCIAL SERVICE	671	653	40.2	34.8
TOTAL UNITED STATES	7707	7368	453.8	369.2

Liabilities are rounded to the nearest million; they do not necessarily add up to totals.

This report was prepared in the Business Economics Department by Rowena Wyant.

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POWER FOR A GROWING WORLD

WASHINGTON Business Front

JOSEPH R. SLEVIN

WASHINGTON, D. C.—In response to an urgent invitation from Secretary of Commerce Frederick H. Mueller, American exporters are submitting their protests to the Administration. Mr. Mueller has asked for comments on U. S. policies as well as foreign practices and the exporters are taking him at his word.

The Government has already acted to remedy two situations that have drawn complaints—the outdated information U.S. companies get about overseas trade opportunities and the lack of interest in business men's problems displayed by American embassy personnel. (See page 51, and "International Markets," DUN'S REVIEW, May 1960, page 109.)

But American companies also tell about losing sales because the Commerce Department takes too long to grant export licenses. And one of the most frequent complaints comes from business men who contend that European governments provide generous financial assistance for their exporters, while the United States is indifferent to the problems of its traders.

A Commerce Department official who has been on the receiving end of many of these objections says that most of the business men who feel so unjustly treated don't have the foggiest notion of the kind of help European companies receive.

Customarily, they are equally unfamiliar with the loans and credit guarantees offered by their own government's Export-Import Bank.

The exporters are voicing their protests at a series of meetings in Washington. The sessions take place once a week—on Tuesday—and a different industry is represented at each gathering. Meetings are scheduled well into the fall, and Commerce Department officials declare there is sufficient interest to keep them going into 1961.

The weekly sessions are a key feature of the determined export drive that the Administration began to help the United States reduce a chronic balance of payments deficit that has been draining several billion dollars a year from our gold and dollar reserves. American export earnings hit a record—but artificial—high of $19.5 billion in 1957 in response to the Suez Canal crisis, an altered cotton export policy, and burgeoning European demands for American coal and machinery. Overseas shipments fell to $16.4 billion in 1958 and then edged down to $16.3 billion last year.

They have been climbing rapidly in 1960, but the Administration fears that the improvement won't last beyond next year at the latest unless the export drive takes hold.

Artificial demands once again are at work. Foreigners are building up their cotton inventories and they are purchasing a large number of jet planes for their commercial airlines—a one-shot operation. The Administration wants to build a broader base under U.S. foreign trade by encouraging exporters to place a wide variety of American goods in overseas markets. In the words of one Commerce Department spokesman: "American companies have learned to practice product diversification. Now they must learn to practice market diversification."

- *What happens when an Administration official asks business men for complaints?*
- *"A little tact goes a long way"—for a Government phrasemaker.*
- *Tight money loosens up, but where's the recession?*

The Administration plans to wait until September to follow through on the restrictive trade practice complaints that are being voiced at the weekly gripe sessions. The 40-nation General Agreement on Tariffs and Trade (GATT) will begin an important round of negotiations in Geneva on September 1, and the United States delegation will lay the trade practice objections before the responsible countries then.

Most of the protests are directed at difficulties the exporters are meeting in their current operations, but some are anticipatory objections. They reflect the fear of future actions that the six-nation European Common Market and by the rival seven-nation European Free Trade Area may take (see page 74).

American paper manufacturers, for example, are deeply disturbed by the easier access that Swedish producers are gaining to the markets of the six

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other EFTA countries as the result of an internal tariff cut among the Outer Seven. Similarly, American automobile manufacturers are fretting about the impact of EFTA and Common Market internal tariff reductions on their competitive position within the thirteen European countries that have joined to form the two trading blocs.

High foreign tariffs are a prime target of a number of complaining industries. They protest that foreign tariffs boost their landed prices far above the prices charged by local manufacturers who turn out their goods behind the tariff walls.

Some producers report that they still run into quantitative limits on the goods they can ship into certain countries. Others complain to the Commerce Department that severe licensing requirements and discriminatory purchase specifications keep them out of desirable markets.

Special taxes are often mentioned at the Tuesday meetings as an insurmountable trade barrier. Shrewdly written tariff definitions are another frequently used restrictive device, and discriminatory currency exchange rules are yet another obstacle that American producers denounce. Manufacturers who try to sell their goods in British Commonwealth countries often complain that they are kept out by discriminatory arrangements that give preferential treatment to the products of Commonwealth members.

But American exporters are beginning to take heart at the way foreign countries are steadily shedding trade restrictions that discriminate against American goods. The selective curbs were imposed after World War II when other countries were short of dollars and could not afford to pay for imports from the United States. They have become increasingly prosperous in recent years and no longer have to bar American goods to protect skimpy currency reserves.

All the discriminatory barriers haven't yet come down, but more are being razed every month, and Government officials estimate that $500 million of additional markets are being opened to American products.

By Any Other Name

The United States is increasingly sensitive of the feelings of the younger nations it is wooing in Latin America, Asia, and Africa. Although American officials rarely slipped and called them

"backward"—at least, not in public—they sometimes spoke of the "poorer" countries, and it was not so very many years ago that an American President freely talked about the problems of the "underdeveloped" areas.

But then it became apparent that underdeveloped countries did not like being called underdeveloped and another phrase came into style: all knowledgeable officials called them "less developed" countries.

Soon, however, it was evident that "less developed" wouldn't do either. Official Administration pronouncements today use the latest in foreign policy phraseology: These now are the "developing" countries.

Prolonging Prosperity

The Federal Reserve System is trying something new in postwar monetary policy, for it has moved away from an extreme tight money position at a time when it does not believe that a business downturn is underway. It has eased its pressure on bank lending capacity and has reduced the discount rate it charges for making loans to commercial banks that are members of the Federal Reserve System.

Traditionally, the central bank has cut the discount rate only after the start of a recession. What it hopes this time is that the readier availability of credit will bolster business activity and will help to prolong the current period of prosperity. It has decided that it can safely loosen its credit reins, because inflationary pressures have almost vanished.

Price Cuts on the Way?

A number of Government economists contend that the best hope of stretching out the boom lies in stimulating consumer and business buying demand by cutting prices. It is the free-market, competitive-price-system philosophy that they are boosting.

Actually, manufacturers have to compete not only against each other's goods—and those of foreign producers—but against the vacations and services that take an ever more significant piece of the consumer's dollar. The competitive pressure is stiffening management's resistance to large wage demands, and Government economists say there are signs that several key industries may decide price reductions are the best response to a drooping sales curve. END

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After the war, most of the world had little dollar exchange and U.S. exports were handicapped severely by licenses and quotas. At that time, Burroughs had but one small plant in England, established before the turn of the century. In 1949, we created a new plant in Scotland and transferred one major product—the calculator—for world production. This released facilities for manufacturing of new products in the United States, which generated additional jobs here. We bought calculators from Burroughs Britain for dollars, creating the necessary exchange for our British organization to import fabricated parts for other products. These were finished and assembled there, and then exported on a sterling basis.

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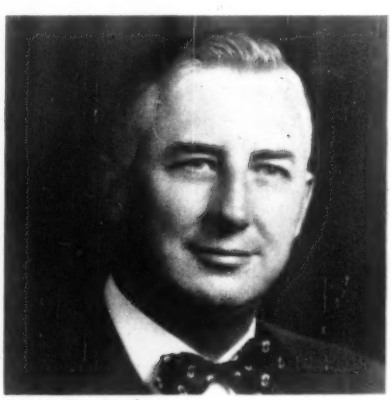
From a speech before the Association of Industrial Advertisers.



AUSTIN J. PADDOCK, *president, American Bridge Div., U.S. Steel Corp.*

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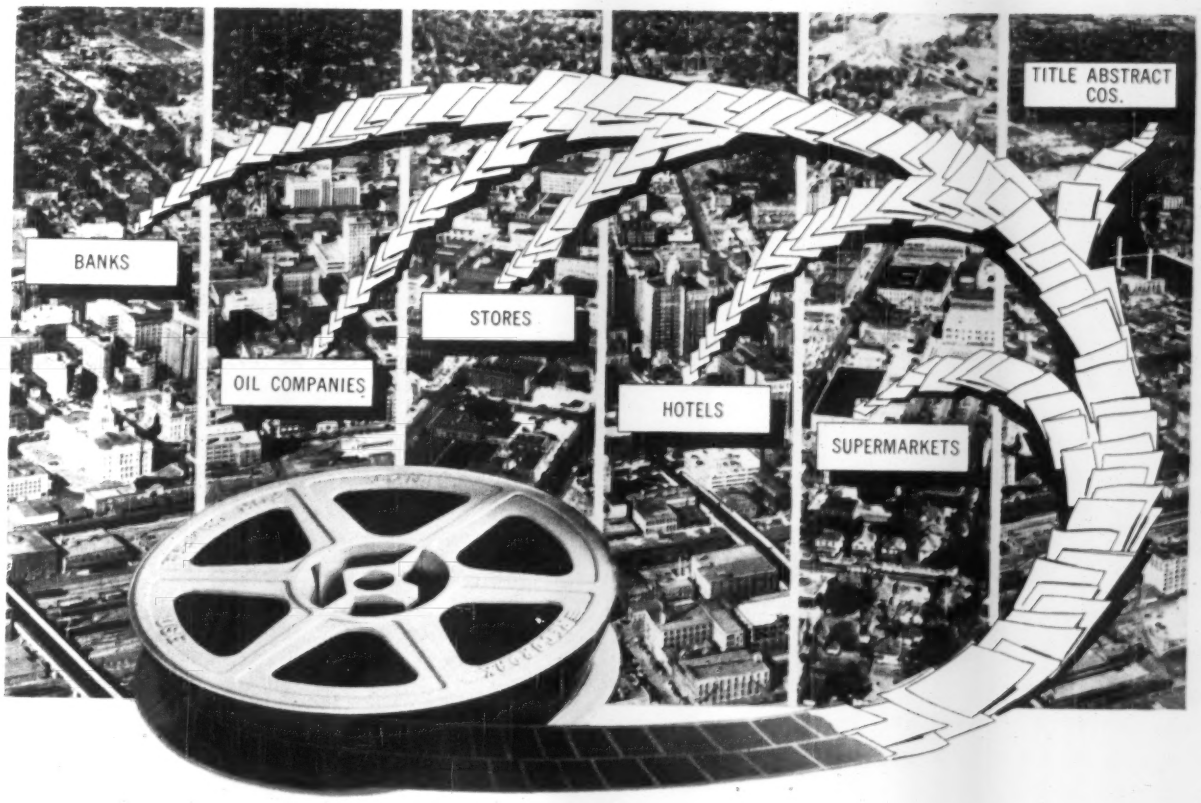

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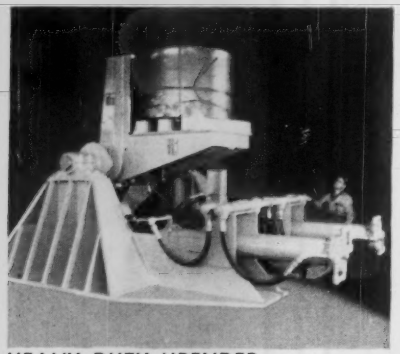

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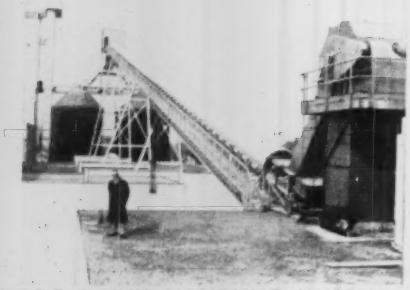

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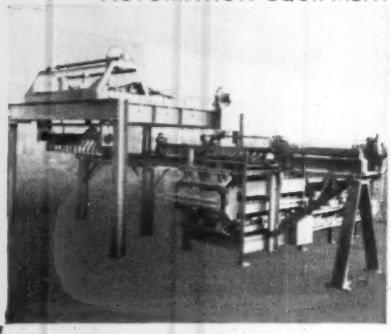

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imagination and creativity of men whose designs never go beyond the possibilities of standard carbon steels.

In Europe, structural engineers usually work on a competitive basis. To succeed, they have to get the most out of their materials and the best design out of themselves. Here, the client usually picks his engineer much as the patient picks his doctor. But just as the patient assumes that his doctor knows all about wonder drugs, we must expect the design engineer to know our wonder materials, and to use them to the best advantage.

From an address before the Engineering Society of Detroit.

D. REID WEEDON, JR., *vice president, Arthur D. Little, Inc.*

New Products with Appeal

Too frequently the research director has been inadequately informed about his company's product policy—and yet has been expected to produce new items about which management will be enthusiastic. Not only must a corporate product policy and improved internal communications be established; with continued strong competition for the consumer's dollar, many companies will find it necessary to close the gap between product development and market research—and this closer tie to the marketplace will stimulate the development of products from the research staff's ideas.

Traditionally, the suppliers of consumer goods and services have been protected to some extent from the inroads of the producers of industrial goods. But, in the search for greener pastures, vertical integration, and larger margins, industrial suppliers will be tempted more and more into consumer markets. Since these new

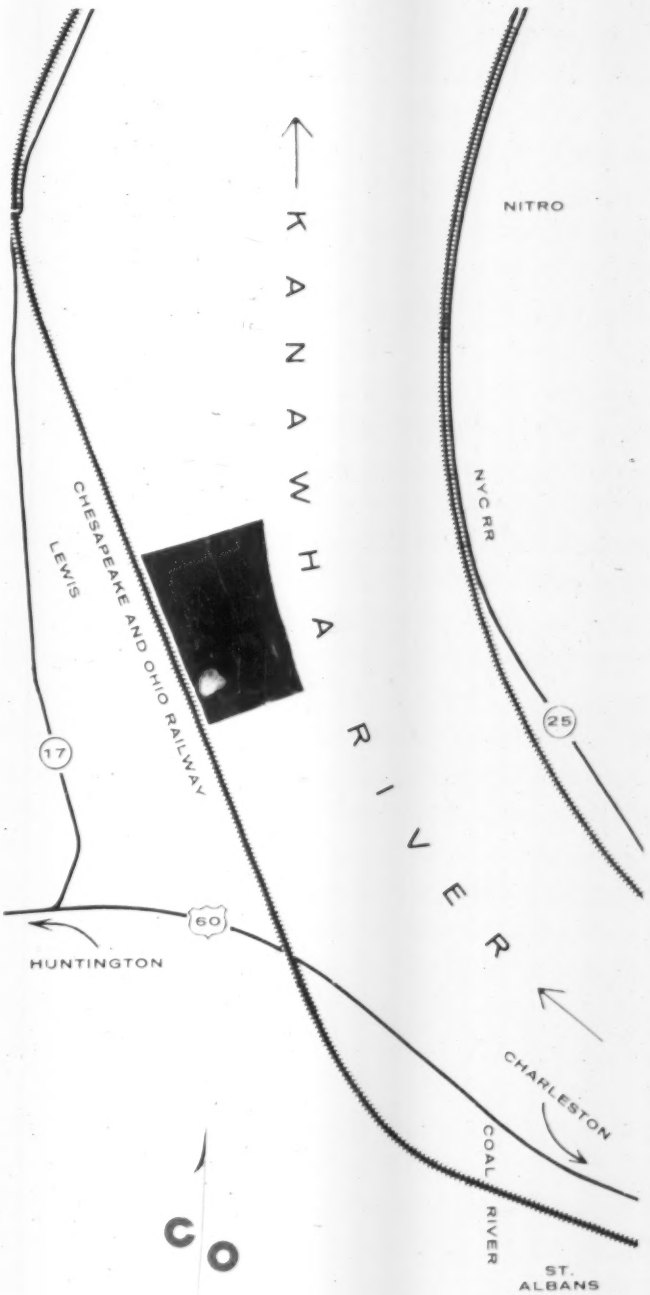
On the Kanawha River, West Virginia . . .

C&O OFFERS AN EXTRA DIMENSION IN SITE SELECTION

It is not enough to know the physical community in terms of transportation, fuel, power, water, topography, resources and labor. Equally important are the less apparent facts of community conditions, the profile of the people, zoning regulations, property ownership, tax impact.

The *extra dimension* of service offered by C&O's Industrial Development Department comes from a knowledge of every plant site in the Chesapeake and Ohio Railway service area. Probing in depth with you, this staff of locations specialists, trained in the skills of engineering, industrial analysis, the earth sciences, economics and mapmaking, presents all the facts . . . simply, unembellished.

There are many attractive locations along Chessie's 5100-mile system, serving the heart of industrial America. A few are listed on the opposite side of this page.



* OPPORTUNITY IN WEST VIRGINIA'S "CHEMICAL VALLEY"

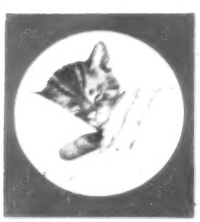
The 43-acre Lewis site, clear and level, is 13 miles from Charleston, West Virginia's capital. Other sites adjacent or nearby.

Transportation: On the C&O mainline and the canalized Kanawha River. Close to U. S. Highway 60.

Economical, dependable, high-grade fuel from the Middle Appalachian coal fields. Abundant electricity and natural gas. All the water you can use.

Utilities: Appalachian Power Company (AEP system); United Fuel Gas Co. (Columbia system); West Virginia Water Service Co.

Nearby St. Albans is an appealing residential community. More than 1,000 workers available at current wage levels.



Chesapeake and Ohio Railway

Industrial Development Department

Huntington 1, West Virginia

Outstandability in Transportation

Partial list of available sites for industry

Contact the C&O Industrial Development Department for full information on these and many more choice locations

1—Lansing, Michigan — De Witt Rd. site: a fine 12-acre parcel in northwest Lansing near Capital City Airport, on C&O's Chicago-Grand Rapids-Detroit mainline. Fronts on State Route 174; 2,000 feet from U. S. Highway 16. All utilities at hand; firehouse close by. Electricity: municipal. Gas: Consumers Power Co. Excellent worker potential from area labor force of 112,000.

2—Marion, Indiana — C&O invites location in level 369-acre property, zoned for heavy industry, with all utilities available. On mainline, Chicago to Cincinnati; reciprocal switching with three other railroads. Close to State Route 18. Dana Corp. and General Motors plants nearby. Utilities: Indiana & Michigan Electric Company (AEP system); Central Indiana Gas Co. (Consolidated affiliate).

3—Ludington, Michigan — This thriving port of 11,000 is the Michigan terminal for C&O's translake trainferry service to and from Wisconsin port connections with Western carriers. Back from port railway has 87-acre site, nearly level, except small dunes. Ideal for Northwest-Northeast business. Utilities: Consumers Power Co.; Michigan Consolidated Gas Co. Close to U. S. Highways 31 and 10.

4—Michigan City, Indiana—Two nearly level parcels of 43 acres and 22 acres on C&O's Chicago-Detroit-Buffalo mainline. Fifty-eight miles from Chicago loop. Both sites front on State Route 212, a 4-lane road linking U. S. Highways 12 and 20. Now in city: gas, water, sewer, when needed. Power and gas: Northern Indiana Public Service Co. Also adjoining properties.

5—Richmond, Virginia—Choice level sites in the 200-acre Airport Industrial District, five miles from downtown Richmond. Adjacent to Byrd Field, city's airport. All utilities. Lead track to C&O's fast mainline, Newport News to Chicago. District is already distribution center for Ford, GM, Allis-Chalmers. Electricity: Virginia Electric & Power Co.

6—Southern Ohio—C&O offers site in 215-acre upland tract at Gregg in hanging valley of ancient Teays. Water from Scioto River aquifers. Utilities: Columbus and Southern Ohio Electric Co.; Pike Natural Gas Co. Piketon village will extend services. Twenty-eight miles north of industrial Portsmouth; near Atomic Energy plant. In area of labor surplus.

7—Logan, Ohio—A forward-looking city of 6,000 in the Hocking Valley, forty-nine miles southeast of Columbus. On C&O line and U. S. Highway 33. Affords several choice sites. Abundant fuel sources; water from Hocking River aquifers. Utilities: Ohio Power Co. (AEP system); The Ohio Fuel Gas Company (Columbia system). Large reservoir of skilled, semiskilled and unskilled labor.

8—Shenandoah Valley—Several fine industrial sites ranging from 5 to 150 acres, at Fishersville, midway between Staunton and Waynesboro (eleven miles apart), on C&O mainline and U. S. Highway 250. Attractive area for climate, education, recreation. Utilities: Virginia Electric and Power Co.; Virginia Gas Distribution Corp. (Columbia system); Augusta County (water). Ample labor.

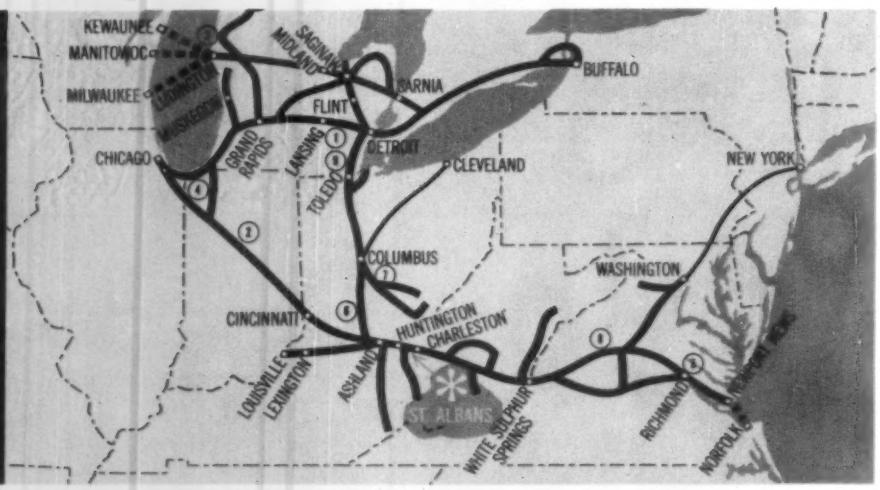
9—Erie, Michigan—Pick your own site in 913-acre property, all level and well drained, adjoining C&O's Ottawa Yard. Ten miles from downtown Toledo, forty-seven miles from Detroit. Lies between U. S. Highways 25 and 24. Electricity from Consumers Power Co.; in sight of new generating plant. Water from Lake Erie. Gas not now available. Access to exceptional labor sources.

Complete industrial surveys of these and other sites along The Chessie Route are available to interested companies. Inquiries are handled in complete confidence and without obligation. Address: Wayne C. Fletcher, Director of Industrial Development, Chesapeake and Ohio Railway, Huntington, West Virginia. Telephone: JAckson 3-8573.

There's Opportunity for Industry all along The Chessie Route

C AND O

Outstandability in Transportation



entrants already place a healthy percentage of their sales dollar in research, they will quicken the pace at which money is devoted to technological change in consumer products.

From a speech delivered at the 43rd National Conference of the American Marketing Association.

LEE H. BRISTOL, *chairman of the boards of The Advertising Council and of Bristol-Myers Company.*

Dearth of the Salesmen

We all know that school teachers are going into business to supplement their meager salaries. But where have the hot-shot auto salesmen gone? Into rest homes? I have a friend who hasn't owned a car for twenty years—and not once in all that time was he approached by a single salesman.

Now he plans to buy a foreign car. He sought out fifteen different representatives. In all but one case, none of these salesmen had the slightest accent, so he assumes they're American-born. Of all fifteen, only one suggested he test drive the car or even ride in it. Quite determined, my friend persevered until he got some questions answered, but not one representative volunteered to open a door or show the engine.

Does this apply only to the salesmen of foreign cars? Last winter, the same man told two large agencies that he might like to rent an American compact this summer. One promised him complete information—but didn't send it. The other gave him information—but has made no follow-up.

My friend has concluded that his buying technique is sadly out of date.

From an address to the Sales Executives Club of New York.

Distinguished

ENOUGH FOR

EXECUTIVE

SURROUNDINGS

Economical

ENOUGH FOR

DEPARTMENTAL

AND SECRETARIAL

OFFICES

H-O-N "MILLION LINE" DESKS AND CREDENZAS have colorful, textured vinyl clad drawer fronts and panels. These units possess modular versatility for varied purposes and arrangements. H-O-N desks add dignity to the executive office, yet at the same time the moderate prices make them economically desirable for departmental and secretarial office uses. See your regular office equipment dealer today, or write to: **The H-O-N Co., Muscatine, Iowa.**

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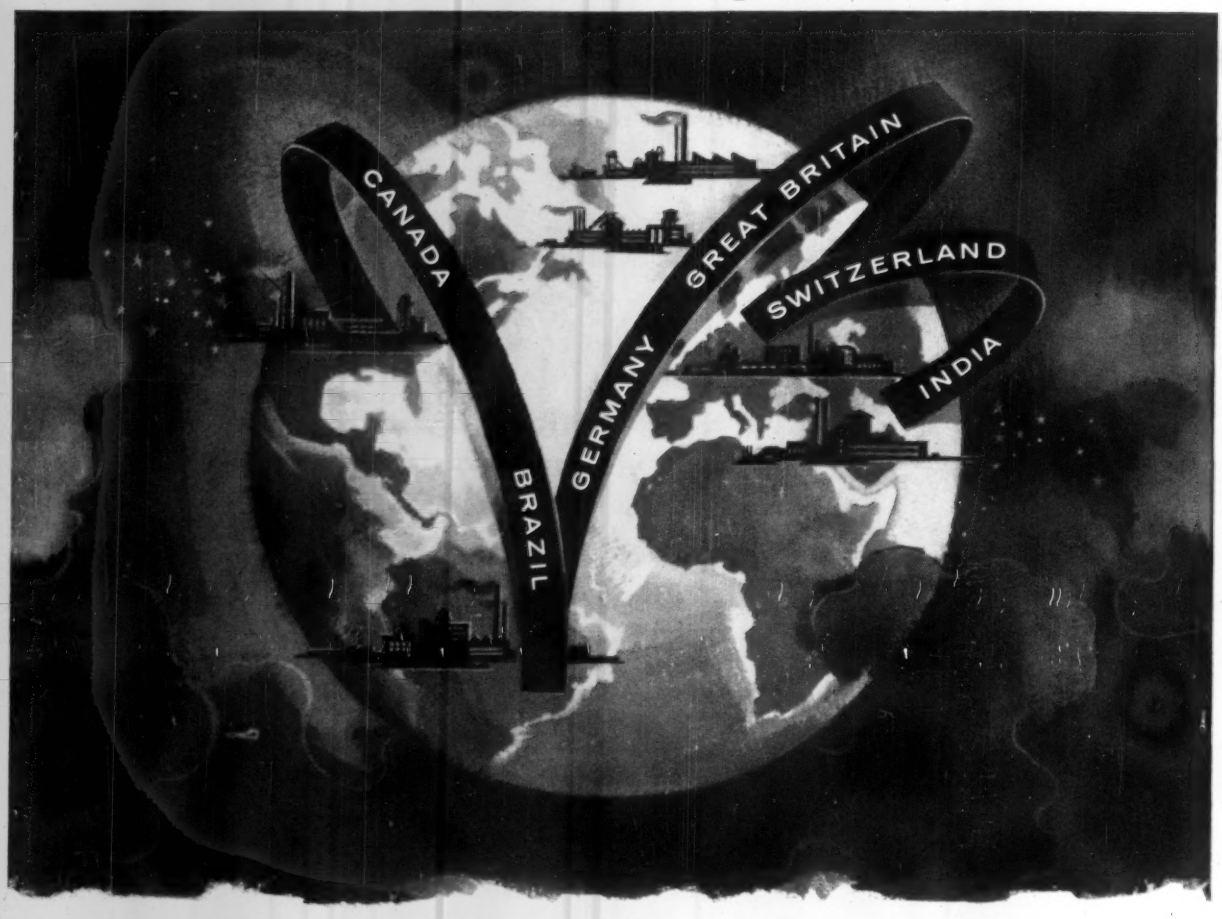
ROCKWELL-STANDARD... Growth through leadership



Rockwell-Standard know-how goes globe-girdling

Rockwell-Standard's international operations are advancing in seven-league boots. Three times the volume in 1959 of any previous year. And the prospects for further foreign growth are tremendous.

Two major considerations provide the urge to increase our international business. First – to close the gap of distance between our U. S. plants and the foreign plants of our important domestic customers – in a word, to manufacture our products where our customers need them. Second – to expand our profit potential by putting our 50 years of experience to work where it has a definite, tangible market value.

The increasing need for our products and experience in the vast foreign development of the automotive and allied industries is exemplified by our recent joint venture with Cobrasma in Brazil. Cobrasma-Rockwell's $11,000,000 plant in Sao Paulo has 250,000 square feet of floor space with an annual capacity of 72,000 sets of automotive vehicle front and rear axles. It is Latin America's largest independent automotive parts plant, and will contribute substantially to the development of Brazilia, Brazil's new billion dollar capital city.

Our foreign operations now include Canada, Switzerland, Brazil, Germany, India and Great Britain.

Further U. S. and world development and diversification is a planned objective of this business. Rockwell-Standard is the world's largest manufacturer of axles for trucks, buses and trailers.

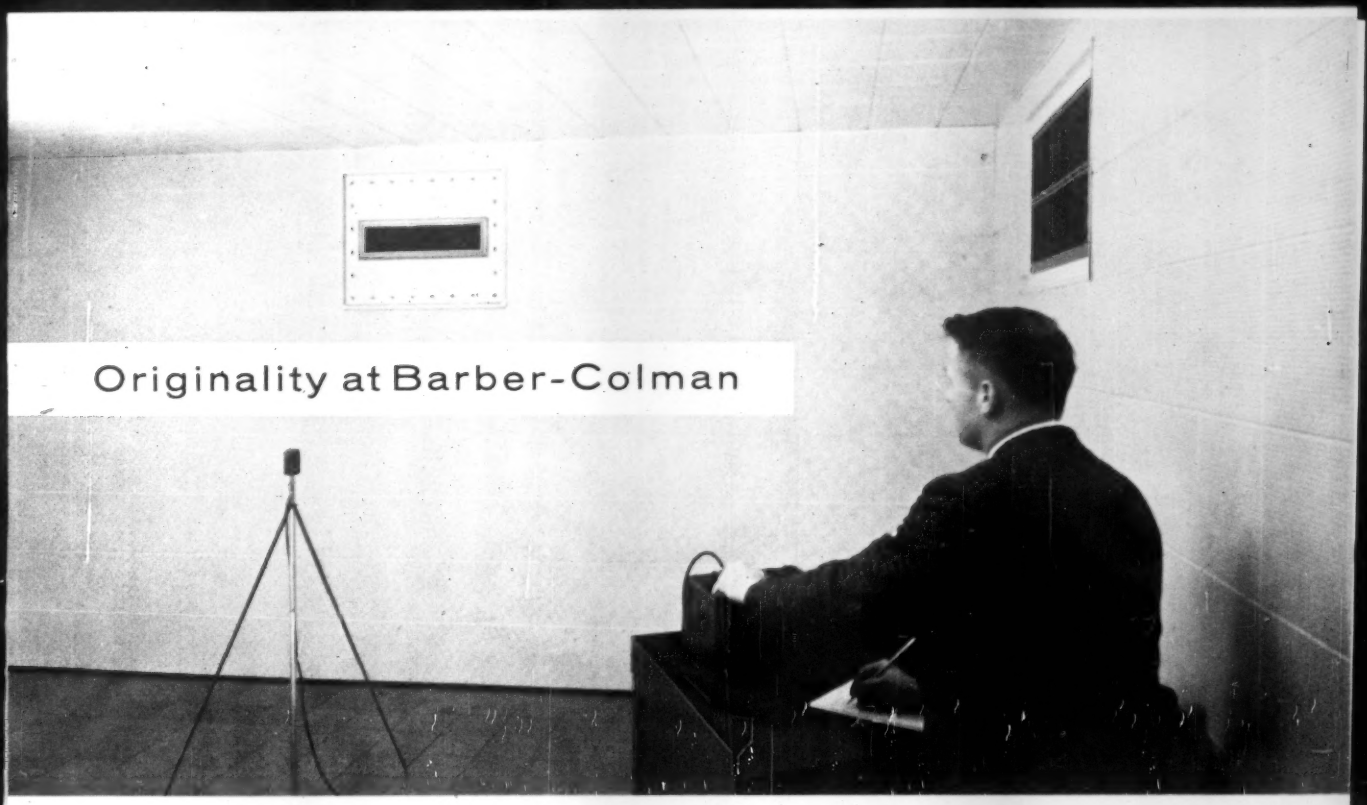
This is one of a series of statements to acquaint you with the broad scope of the activities of Rockwell-Standard Corporation.

ROCKWELL-STANDARD CORPORATION

ROCKWELL R STANDARD

GENERAL OFFICES: CORAOPOLIS, PENNSYLVANIA

22 U. S. plants of Rockwell-Standard Corporation manufacture these famous products • TIMKEN-DETROIT® AXLES • HYDRA-DRIVE® TRANSMISSIONS • GARY® GRATING • BLOOD BROTHERS® UNIVERSAL JOINTS • BOSSERT® STAMPINGS • AERO COMMANDER® and COMMANDER ALTI-CRUISER® AIRCRAFT • AIR-MAZE® FILTERS • KERRIGAN® LIGHTING STANDARDS. Plus these other Rockwell-Standard® products: AUTOMOTIVE BUMPERS • AUTOMOTIVE SEATING • LEAF AND COIL SPRINGS • BRAKES • FORGINGS

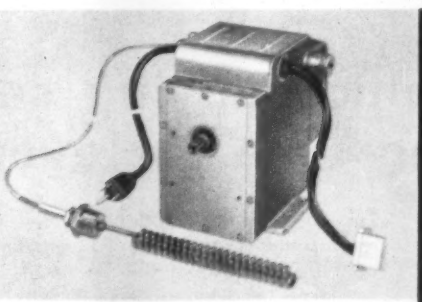


"Auditioning" air to create more productive environments

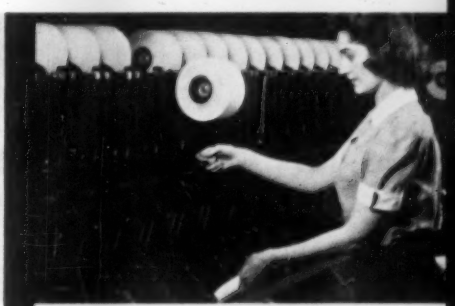
Introduction of conditioned air into a room creates a sound which can be an asset or a liability to the environment, depending upon its intensity and pitch. If the sound level is too low, the normal "doing-business" noises may prove distracting. But, if the sound of the air itself is objectionable, it will create an unpleasant environment for employees or customers.

To insure ideal auditory environments, engineers at Barber-Colman work with the frequency of sound as well as the intensity, just as architects work with the frequency of light (color) as well as brilliance. This makes it possible for Barber-Colman to publish complete noise criteria for all of its air diffusers. Thus, the ideal acoustical environment can be provided for any situation—another example of how Barber-Colman originality benefits the businesses it serves.

ORIGINATOR of radio-operated garage doors which can be remotely controlled by push-button on the instrument panel of your automobile.



ORIGINATOR of "packaged" electric control systems for unit ventilators which eliminate wall thermostats and prevent tampering with room temperatures.



ORIGINATOR of a device (part of the above machine) for automatically tying weaver's knots —an important advance in the efficiency of textile manufacturing.

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Textile Machinery / Machine Tools and Cutting Tools / OVERdoors / Temperature Controls / Small Motors
Air Distribution Products / Aircraft Controls / Molded Plastics / Process Controls / Electrical Components

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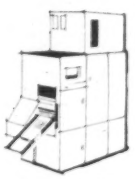

Learn how companies in every type of business are putting xerography to work. Write to HALOID XEROX INC., 60-79X Haloid Street, Rochester 3, New York. Branch offices in principal U.S. and Canadian cities. *Overseas:* Rank-Xerox Ltd., London.

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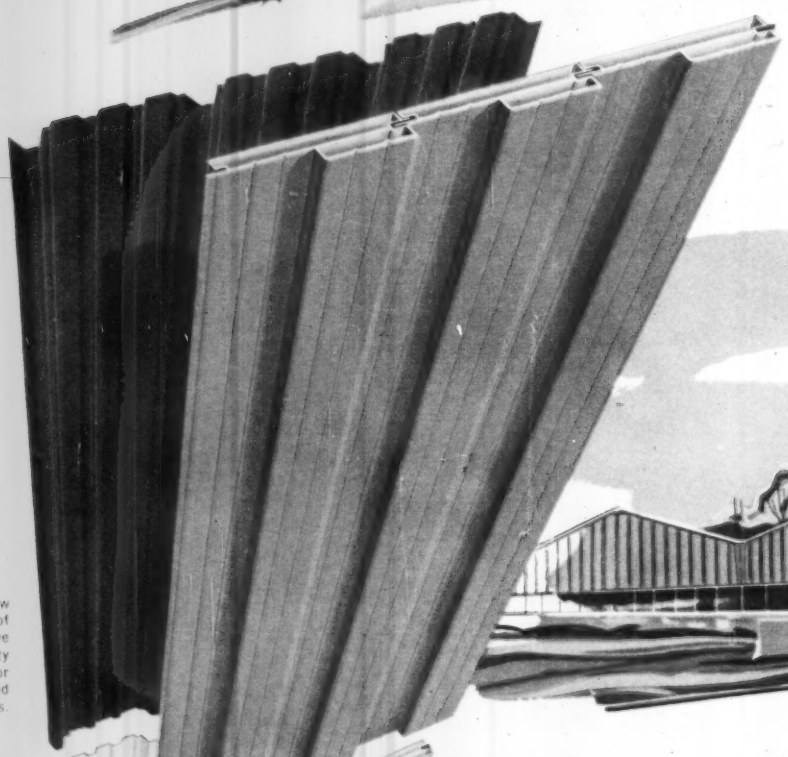
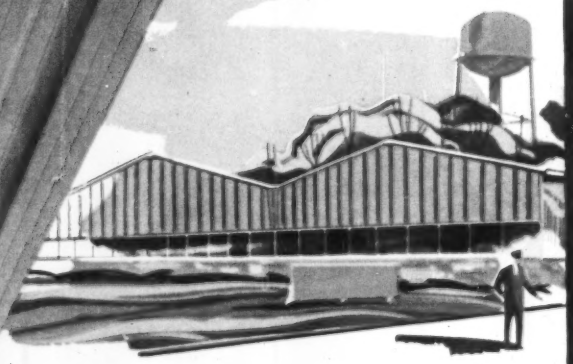


Butlerib™ new Butler wall and roof panels that have become the quality standard for pre-engineered buildings.



Now! Beautiful

BUTLER · TONE™ *finish*

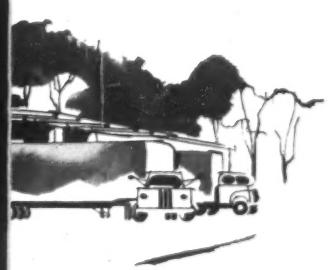
on Butler panels

A new mark of quality for pre-engineered buildings

Now you can give your new building the very latest in distinctive, long-lasting color finishes, and yet take advantage of all the modern efficiencies and economies of Butler pre-engineered construction.

Butler's newest advancement in color coating, Butler-Tone™, is a two-coat, baked-on finish that is firmly annealed to Butler wall and roof panels. The finish is an integral part of the metal surface . . . it provides a uniform, continuous covering that is outstanding in appearance and resistant to weather, corrosion, impact and abrasion.

And the inside surface is off-white, giving you a pleasing light-reflective wall finish. Color on *both* sides . . . another Butler exclusive!



More and more people are turning to the Butler Building System, because of the quality construction of pre-engineered factory-fabricated parts . . . the broad, clear spans of Butler rigid-frame construction . . . the ease with which Butler buildings can be enlarged for expansion . . . the unlimited design opportunities in combining other materials with Butler components . . . the speedy, trouble-free erection . . . and the dependable, talented services of the nationwide group of Butler Builders. It's the lowest-cost way to build well.

Be sure to check with your Butler Builder about your new building; he is glad to be of service in helping analyze your construction needs. Look for his name in the Yellow Pages under "Buildings" or "Steel Buildings." Ask about financing, too. Or write direct to us for more information.

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will handle all four types of data processing

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The Philco 2000 is easily utilized for any of these applications. Parallel logic and asynchronous mode of operation permit expansion without costly changes in system design or existing programs. This extreme versatility is one more reason for the proven economy of the Philco 2000 . . . the computer that has changed the industry.

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DUN'S REVIEW
AND MODERN INDUSTRY
August 1960

EDITORIAL

The Oldest Equation

DISSECTING an atom is a comparatively simple operation once the physical laws which govern it are comprehended. Dissecting a personality and understanding the human equation is a more complex problem. The behavior of the atom is predictable and consistent, but the action of the individual is influenced by another set of rules, which shift by time and circumstance.

Understanding the individual is probably the most challenging aspect of successful management, whether in business, social life, education, or government. Averages are useful in group psychology, because human behavior *en masse* is measurable by a statistical gage. The individual, however, is always a tantalizing enigma because of his perverse refusal to conform to any rigid rule or measure of intellect, emotion, or attitude.

Perhaps it is the elusive and intangible factors that make human relations the most fascinating of all modern adventures. What creates loyalty, affection, integrity, reticence in one man and suspicion, selfishness, dishonesty in another? The handling of people is the most significant of all the responsibilities of leadership, and yet it is often beset by uncertainty and confusion.

One of the most important qualities of the good manager of people is an emotional sensitivity that goes beyond mere rational judgment. The leader who exudes confidence, sympathy, and candor tends to evoke the same qualities in the people around him; the chill, appraising eye that betrays a bloodless, calculating mental machine can create uncertainty, self-consciousness, and a sense of inferiority.

Fission is the act of splitting the atom, but in dealing with a personality, fission must include fusion as well. Appraising people and inspiring them are part of the same job, but they are not the same thing. The psychiatrist and the psychologist differ in function. The appraiser and the supervisor may be at times the same person, but their vantage point must differ.

Good management is not only the gift of identifying talent, but the art of selective recognition of strength and weakness, and the proper encouragement of the best in any man or woman.

By putting his finger on the pulse, a doctor may recognize certain symptoms of disorder, but the manager who can put his finger on the impulse of the human mind and sense its individual response to ideas or opinions has a valid claim to the exercise of leadership.

The world of physics and chemistry has fixed laws. In mathematics, the Arab who invented zero revolutionized computation and freed it from the strictures of Roman numerals. Hamilton, by inventing the quaternions, enlarged the scope of calculus for the modern mathematician. Einstein, who upset Newtonian mechanics, opened a new universe for speculative science.

But the human equation is still the old enigma, and despite our progress in the study of behavior, the human mind is the area of most promising and rewarding adventure. As Alexander Pope said in his rhymed essay, "The proper study of mankind is man"—and *man* is still the most engaging syllable in management.

This report is based on interviews with the following designers:

ARTHUR N. BECVAR, *General Electric Company;* DAVE CHAPMAN, *Dave Chapman, Inc.;* DONALD DESKEY, *Donald Deskey Associates;* HENRY DREYFUSS, *Henry Dreyfuss Associates;* HARLEY EARL, *Harley Earl Associates;* SAMUEL L. FAHNESTOCK, *Aluminum Company of America;* MONTGOMERY FERAR, *Sundberg-Ferar, Inc.;* RAYMOND LOEWY, *Raymond Loewy Associates;* PETER MULLER-MUNK, *Peter Muller-Munk Associates;* GEORGE NELSON, *George Nelson & Company, Inc.;* ELIOT NOYES, *Eliot Noyes & Associates;* HERBERT ZELLER, *Motorola, Inc.*

George Nelson

Top Designers Tell . . .

What's Ahead in PRODUCT DESIGN

- *Greater diversity within product lines*
- *Emphasis on function and quality instead of styling and decoration*
- *More flexibility in production facilities*
- *More R&D to satisfy demanding tastes of tomorrow's consumer*

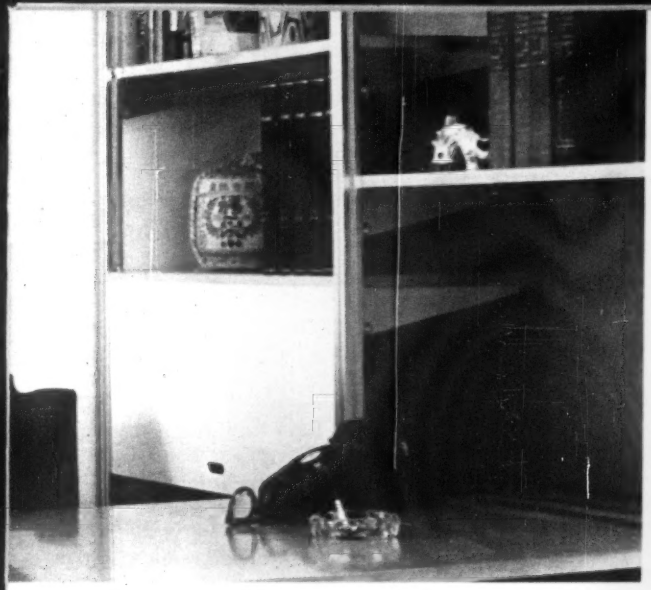
PRODUCT DESIGN—key link in the chain of successful marketing—is going to call for more insight, talent, and executive decisiveness in the coming decade than ever before. First step in transforming the results of research and engineering into a physical reality, product design is the starting point for production, distribution, and marketing. If it is ill-conceived, no saturation ad campaign, no widespread distribution network, no hard sell can save the product from extinction.

To spell out the ground rules that will govern successful product design in the next few years, DUN'S REVIEW editors interviewed twelve of the nation's top industrial designers, men whose careers depend on their sensitivity to the consumer's needs. They gave advice that is startling in its unanimity, interpreted significant new trends that offer profitable opportunities in the mass markets.

One trend that all the designers emphasized is the growing sophistication of the customer. The consumer is already wise in the ways of purchasing. For most consumer products, we have settled down to replacement markets in which the customer is buying a certain type of product for the second, third, or even fourth time.

Disillusioned by the high maintenance costs and the unfortunate overselling of unimportant features that marked the 1950's, tomorrow's customer will demand simpler, sturdier products which are easy to work, clean, and repair. As Raymond Loewy puts it, "There is increasing resentment of gadgets, systems, and devices that do not compensate in utility or service for the irritations they arouse."

Putting real value and quality into products instead of "skin styling"



"Designers will learn to do more with less, for bulky design will ose its appeal to the consumer."

Dave Chapman

"American industry is much too factory-, product-, and competition-oriented and not people-oriented."

Henry Dreyfuss

"There are substantial obstacles to further miniaturization. We still have our own anatomy to consider."

Harley Earl

"Offices must be changed to eliminate wasted time. I foresee letters on magnetic tape."

Eliot Noyes

"Business men's improved taste and growing awareness of the value of good design will of itself be an important influence on product design in the next decade."

Raymond Loewy

"In the long run, many companies will find it profitable to perfect a product rather than to market a succession of poorly made products that may bring a temporary sales increase but harm the company's reputation."

Product Design Predictions

Here are some predictions by the experts on some interesting product changes and innovations in the coming decade.

- **Decentralization of the refrigerator throughout the home where needed by means of thermoelectricity.**
- **Supercharged vacuum cleaners that can quickly suck up water from rugs and floors.**
- **Simple computers controlling many functions in home while housewife or family is away.**
- **Substantial redesign of the bed for the first time in a century to meet needs of the rapidly growing older population.**
- **Tape recorders incorporated in TV receivers to record outstanding programs and particularly to aid in the musical education of children.**
- **Small washer-dryers replacing the clothes hamper in the bathroom.**
- **System similar to night bank deposit vaults for delivering packages when no one's home.**
- **Much greater standardization of home building elements—lumber, doors, and windows.**
- **Many more "built-ins"—furniture and appliances—in the homes.**
- **Development of an electrically heated skewer to defrost frozen meats and other foods quickly.**
- **Eventual elimination of the typewriter as we know it.**
- **Much greater use of closed-circuit TV for holding nationwide business conferences.**

and planned obsolescence will be a must.

With the growth in functional characteristics matched by the decline in artificial styling, the designers see less need for the annual model change (see page 61)—which is under sharp attack from other quarters, since periods between model changes would also spread out high tooling costs.

Hopefully anticipating the increased shrewdness of the consumer is the increasing education of the executive in good design. Like the general public, the business man has been influenced by design shows, books, and magazine articles to reject "flash." Moreover, the business man's knowledge of good design has been stimulated, says Henry Dreyfuss, by the knowledge that it helps sell. In the future, business men will find less of a gap between their own educated taste and that of the mass market on which their profits depend.

The appeal of a product as a mere status symbol should decline, the designers predict, as a result of two interrelated factors: the more knowledgeable customer will buy quality and function instead of phony "prestige," and the increasing amount of leisure time at his disposal will make recreational and cultural products, and the benefits of such intangibles as travel and education, doubly attractive. This trend, notes Montgomery Ferar, "is already evidenced by the stock market. Companies like Polaroid, Bell & Howell, Brunswick which have recreational products are our 'growth' industries."

Tomorrow's market will be strongly influenced by the spread of the shorter work week and the longer vacation.

There will be rising interest in individual sports and in the essentials and many of the luxuries that help make travel enjoyable.

The major demand, however, will be for products that add to the pleasures of home life. Increased emphasis on the home means that people will also want as much space as they can afford. But, the designers point out, as more people buy larger houses, there will be an even sharper decline in craftsmanship in home building and a corollary rise in "factory" content. Built-in appliances and furniture will be the natural outcome, and this implies even more "contemporary" design.

It will also mean more cooperation between manufacturers of complementary products—appliance producers, for instance, may be working closely with prefabricated home builders to make sure their products are suitable for the houses of the future.

"Custom-made" for the masses

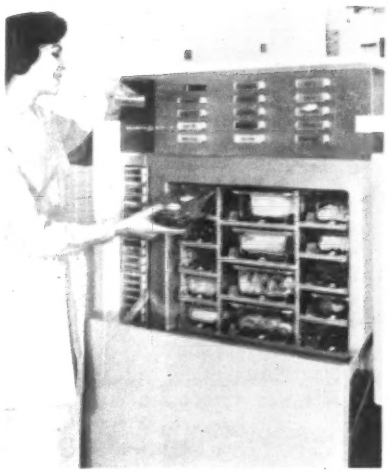
There will be less reliance on some familiar appliances, which will be replaced by adaptations designed for a new way of life (see photo on page 35). And many features now found only in custom-built houses will be mass-produced for a discriminating public.

The larger family home—and the people who live in it—will benefit from two strong points of American technology: our mastery of miniaturization and our talent for decentralization.

A scaled-down washer-dryer should make its appearance in either the bathroom or the bedroom of the future, replacing the hamper. The technology for a practical rearrangement of the refrigerator is already available—Peter Muller-Munk points out that thermo-electricity (see page 103, DUN'S REVIEW, October, 1958) makes this entirely practical.

Miniaturization will be hitting the office, too, along with increased automation. New business machines will be made as small as possible so as not to take up valuable space. In line with this imperative, designers see the "built-in" trend of home design paralleled in the office.

Another influence, says Eliot Noyes, will be the desire of many companies to turn their offices into fine examples of interior design: in the future, office equipment manu-



PLANNING AHEAD: *This prototype GE deep freezer-stove enables a housewife to cook a week's meals in one day. The prepared dishes are loaded at the back (left). Pushing a button is all that it takes to heat the dish days later.*

facturers will stress appearance and color as well as efficiency.

New technology should have important effects on the design of equipment for the factory and office, but—surprisingly—the designers do not see it as a paramount factor in shaping the consumer products of the coming decade. They believe there's plenty of available technology that has not yet been applied.

They say, too, that materials already available offer lots of unexploited possibilities. Materials that need less care will continue to gain over traditional materials that require traditional protective coatings, they say. Plastic-coated steel is expected to reach the level of a major material enclosing products for home and office use. The decorative effects inherent in metals will be exploited as never before by techniques such as anodizing, burnishing, and meshing.

Despite the backlog of technology and materials on which to draw, the designers don't see how any manufacturer can remain profitable without allocating more money to meaningful research and development in new areas.

Impetus for R&D

There will be even greater diversity of products, in the years to come, competing in a market that offers the consumer an ever widening variety of choice (although one designer warns that the manufacturer can't be all things to all customers: "He must recognize more clearly what markets he wants to serve.")

Tomorrow's customer will also be more tempted to apportion her dollar among a broader array of products from all over the world. As the compact car bears witness, foreign competition has already had its impact on design.

The designers point out that a substantial effort to develop functional rather than stylistic variations should help to differentiate American from foreign products. They also see a growing need for making American products more attractive to overseas customers. Adoption of the metric system would be of great advantage, particularly for machine tools. Internationally understood symbols instead of words on controls and dials would make our equipment more competitive overseas.

To manufacturers who seek designs that will sell at home or abroad, the designers emphasize one rule above all others: "Know your customer." With rapidly changing patterns of living and working, no manufacturer can rely solely on past experience in trying to figure out what will appeal to the customer.

In Dave Chapman's words: "We have failed to meet foreign competition because we have shown a stubborn orientation to product rather than a sensitive understanding of people. Foreign goods have made an inroad not because of price but because they fit consumer needs."

Curiously, nearly all the designers condemn the market test as a means of finding out what the consumer wants. They believe that the consumer just can't make a sound evaluation of a product he has never seen. Instead, the designers foresee greater reliance on psychological and sociological surveys as a means of figuring out which way the public taste is heading and interpreting significant national trends.

But, the designers point out, no survey is foolproof. Top management must make the crucial decision as to which design or redesign goes into production.

It is not a task which the designers envy. They think that because of the increasing diversity in products, it will be an even more difficult one than in the past. Manufacturers, they say, face another problem—closely linked with design—in the pressure to produce "full lines," matching their competitors, even when this is economically unsound and means spreading company efforts too thin.

But by aiming at a special market, by getting to know the needs of that market intimately, the smaller company which has the ability to move faster than a giant organization can pre-empt its chosen market—and draw handsome profits.

The myth of the "average" man, woman, or family is dying, the designers affirm, and with it the compromise product designed for a type of consumer who never really existed. Today the "big" market is fast becoming a collection of overlapping little markets, many of which, however, represent hundreds of millions—or even billions—of purchasing dollars.

With the big sales battle breaking up into a multitude of guerilla actions, the contestants who can think fast and move quickly will turn out products designed to sell—and live to sell again.

—MELVIN MANDELL

Executive Development: Dollars Down the Drain?

ROBERT N. McMURRY

Where is tomorrow's management coming from? By investing in costly and elaborate executive training programs, hundreds of companies have thought they had the answer. Far from it, says a renowned industrial psychologist, calling for a more realistic approach to executive development

STRONG, capable, far-sighted managers have always been in short supply. Probably they always will be. But in today's fast-moving, highly competitive business world, there is no time to wait for the right man to appear unbidden. Industry knows it must seek out and develop men with the special qualities, traits, and skills the successful top executive needs.

Finding men with these hard-to-define attributes is one of the major problems facing management today. Short of piracy—which may be unproductive as well as unethical—many companies have come to believe that the only solution is in costly management training programs.

Oversold and short-changed

Yet in their desperation to find a quick way out of their dilemma, even hard-headed and "practical" business men appear to have suspended critical judgment. Some have invested substantial sums in executive development projects which, at best, can only be characterized as speculative.

Recently, the International Harvester Company took a hard look at the supervisory training and development program it had been accepting on faith. In cooperation with the Bureau of Educational Research at Ohio State University, the company made the first full-scale study ever conducted in industry to determine the actual results which can be expected from a management training program. Unfortunately, the Harvester study showed that the program was not doing the job that management had assumed.

Of course, this evidence in itself is not strong enough to recommend the junking of every supervisory-training and management development program in industry. Nevertheless, when such a careful, controlled study raises serious doubts as to the value of these projects, there is good reason to reevaluate executive training methods, to ask whether our management development programs are grandiose wastes of money—fashionable, expensive, and economically unjustifiable frills—or whether they are provable, sound, and workable methods for solving one of top management's pressing problems.

One of the difficulties in evaluating these programs is their great variety. At one end of the scale are the highly popular introductory programs in which the trainee rotates from one department to another until he has an over-all view of the enterprise. More extensive programs include presentations by company specialists, executives, and outside experts. Often elaborate and expensive facilities are constructed, or sessions are held at camps and resorts. In some instances, use is made of university facilities and staffs. Other companies send their people to seminars conducted by management education organizations or to special courses given at leading universities.

The author of numerous articles and books, Dr. Robert N. McMurry is one of the nation's top industrial psychologists. He heads the McMurry Company, a consulting firm specializing in personnel management and industrial relations problems.

Objective Standards

If any management training program is to be successful, it must meet at least eight criteria:

1. The candidates are being trained for specific positions.
2. The qualities and skills the trainees need must be defined.
3. Trainees must be potentially capable of filling the positions.
4. It must be determined which of the job requisites can be gained by training.
5. Training tools and procedures must be tested to make sure they work.
6. Trainers must be adequately qualified.
7. Trainees must want to learn.
8. The training course must produce results.

Unless the training course meets all these criteria, the chances are slim that it is worth while.

Typical of the poorer courses are many of the rotating management training programs in which the

trainee moves from department to department. The most common and most serious limitation here is that the trainee is more often an *observer* than an active participant. He is subjected to little or no discipline and left largely to his own devices. His "training" is random, diffuse, and uncoordinated.

But probably the worst courses from a teaching standpoint are those presented by company specialists and senior members of management. Often their presentations are poorly organized and filled with irrelevancies. Or they are overly technical and comprehensible only by those in the specialist's own field.

Courses taught by outside specialists or university faculty members are not much better. These outsiders are usually unfamiliar with the company's particular and unique problems. Their expositions are often abstract and unrelated to the trainees' needs.

Occasionally, companies will call upon outside "inspirational" speakers. Many of them are very colorful and dramatic orators, reminiscent of the old-time evangelists. At the conclusion of their talks, the audience is often aroused to a high pitch of near-religious fervor. It is only as their emotions begin to cool and they begin to review the speech dispassionately that listeners discover that what they have heard was, in fact, a little empty.

A critical assessment of management development courses would reveal that many are based upon some very dubious assumptions:

- that the trainee is invariably eager to improve himself
- that an individual can effect substantial changes in his personality by an act of will
- that persons who have reached maturity without much attention to art, philosophy, and similar subjects can have a concern for them stimulated by company-sponsored training
- that these broadened interests will enhance the trainee's effectiveness as an executive.

Inadequate training programs are also a source of considerable frustration to the man being trained. It is implied (although rarely stated explicitly) that these courses provide the royal road to a career as an executive, even as the head of the company. Unfortunately, they rarely do.

Many companies employ more trainees than they actually need (just as they overstaff themselves with engineers who are then assigned to toil endlessly as draftsmen). After a short time, the more perceptive trainees recognize this and leave. Those who lack the perceptiveness or the initiative to quit are usually the least qualified to succeed as executives. So, even though they do remain, they must be content with an obscure niche.

What, then, *can* management training accomplish?

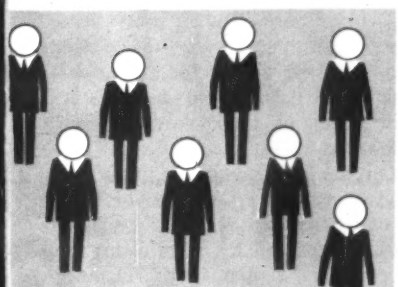
Needed: good raw material

If a company wishes to develop a new crop of executives and improve the competence of the ones it already has, it must recognize that this can be done only on an individual, not a group, basis. It must accept the fact that the needs and potential of each employee are unique to him.

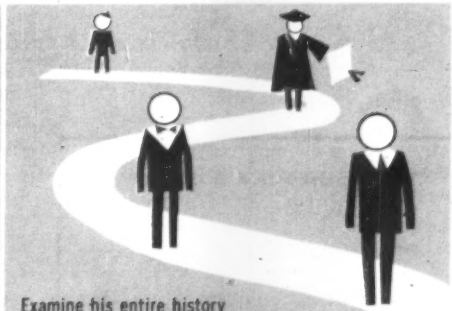
No program can take a raw, run-of-the-mill college graduate or any other candidate and, by training techniques alone, *make* him into a first-class administrator. Unless he has the requisite attributes and qualities, he cannot be developed. If the candidate has the necessary prerequisites, he can be *improved*.

Even to be considered for development, a man needs certain basic qualities: a high level of energy and drive; a notable degree of optimism and self-confidence (freedom from dependence); better-than-average intelligence; demonstrated leadership abil-

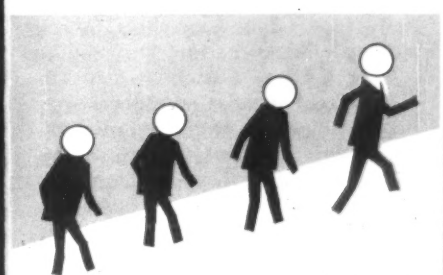
V-P 1970? **How do you pick him out of all the young men who are starting on the way up?**



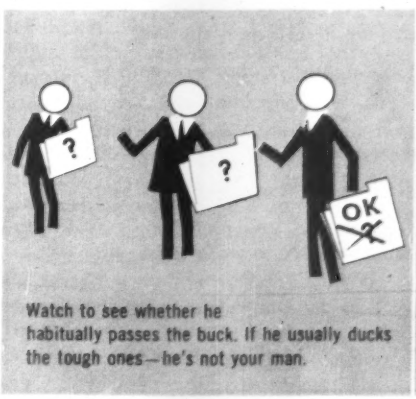
ok for the man who's a bit of a misfit—
t a rabid non-conformist, but someone
o's chafing at the bit for more responsibility.



Examine his entire history
—school, college, career—for evidence of
originality and success in carrying out his ideas.



Notice whether others regard him as a natural leader. Is it the man or merely the position you've given him that inspires their respect?



Watch to see whether he
habitually passes the buck. If he usually ducks
the tough ones—he's not your man.

Give him a job that's a
shade too big for him. Stretch him beyond his
present limits—and he'll stay stretched.

ity; imagination and creativity; constructive rebelliousness; a capacity for ruthlessness when it is needed, and the ability to make decisions involving substantial risks, both personal and otherwise.

The training itself can be confined to technical skills, necessary information about the company, its products, policies, and so on, and instruction in those principles, skills, and tools of management which are applicable.

Premium on initiative

If the candidate has the initiative and perseverance to undertake a course of study on his own, he should be encouraged to improve himself technically, culturally, and in the various fields of management through independent and self-financed study largely on his own time. Only on the completion of such training should the company pay the tuition.

Supplementing his formal training, the candidate should be given a chance to use the insights and skills he has acquired in real situations. Companies that have small subsidiaries, many branches, or foreign assignments can establish a "farm system" to give the trainee an opportunity to learn to manage from actual experience.

This concept of executive training has one major difference from conventional management development programs. It is personalized. Because it assumes that the needs of each man are individual and unique, there is little call for group sessions, elaborate facilities, and extensive staffs. It visualizes the trainer less as an impresario and more as a counselor or sponsor. It abandons the concept of management development as a mass activity, regarding it more in the British tradition as a tutorial, highly individualized, and personal approach.

The sponsor works with the trainee individually, as an instructor in medical school does with an intern. He gives him assignments and, by observing his performance, diagnoses his strengths, his weaknesses, and the areas in which he is most in need of help. He then prepares a plan for both his and the intern's guidance that is flexible and adaptable to changing circumstances and the rate of the intern's growth and development. Most important, it permits him to be weaned—gradually or rapidly—from his sponsor.

The end goal of such training is the development of an executive who wants and can exercise a high degree of autonomy—a man who knows where he is going and how he proposes to get there and who can take in stride the risks he may encounter.

Such a training program is being used by the Rock Island Railroad. Each trainee is assigned to a general officer who serves as his sponsor. The program has been found not only to improve the trainees' morale but to reduce turnover as well.

It is highly probable that many companies are already conducting this type of development program without knowing it or dignifying it with the title of a management training program. They are simply fortunate in having executives on their staffs who find the development of men a challenge. It is also probable that many of today's most outstanding business leaders were developed in this manner, quite informally.

No job for second-raters

In the final analysis, the major difficulty in management development work boils down to this:

Almost any intelligent hack can read a book and then assemble an "executive development" program for his company. Because the program is so uniform, easy to administer, and so impressive in goals, it is easy to overlook the fact that it is also sterile and ineffective. The company's present executives quickly espouse it because they themselves are often insecure and yearn for as much structure as possible in which to function. Their highest hopes for the plan—that it will produce no one who is a real threat to *them*—are glowingly confirmed.

On the other hand, a tutorial or sponsor type of management development program is much more difficult to establish, administer, and keep rolling. It is not uniform, and it requires real thought and independent action by each of the trainers. Only a strong executive, one who is successful as a manager and sure of himself as an individual, is an effective tutor. And he must give generously of his time and effort to the task of building the future executive.

Despite these difficulties, it is safe to predict that more and more companies will switch over to tutorial development programs. They will be forced into it as they become disenchanted with their present approach. They will start small, using their truly qualified sponsors as pioneers, and then gradually broaden the program as they develop other qualified men. Such a limited approach may lack the appeal of an all-out crash project—but it promises better results. END

Testing the Payoff

Is your executive training course genuinely productive? Ask yourself the following questions:

1. Have you precisely defined the specific positions for which candidates are being trained?
2. Have the qualities, skills, and attributes which these positions call for been adequately defined?
3. Has it been determined which, if any, of these skills and attributes can be inculcated by a training program?
4. Are you using training tools, methods, and procedures that will do the job?
5. What evidence is there that the candidates can benefit from the training they receive?
6. Are the instructors good teachers? Can they win and hold the trainees' respect?
7. Do the participants have the incentive to work to benefit from the program?
8. Is there any evidence that the course results in improved performance?

Has expense-account entertaining gone beyond the limits of propriety and good sense? A leading elder statesman of American business thinks so and warns U.S. industry of the consequences of unbridled spending on the customer. One possibility: a severe Congressional crackdown.

The Myth of the Magic Expense Account

CLARENCE B. RANDALL

WHEN a Japanese business man is ready to close a big deal, he would not think of doing it in his office. Instead, the seller takes the buyer out to dinner. While the *sukiyaki* simmers slowly toward fragrant perfection over the charcoal brazier in the corner of the quaint little room, they curl their legs comfortably beneath them under the low table. Quietly, they begin to talk. First they inquire solicitously for the welfare of their respective families. Then, cautiously they approach the subject which is uppermost in their minds. Unobtrusively a *geisha* fills and refills their fragile cups with warm *sake*, and from time to time croons a soft Oriental melody to the accompaniment of her *samisen*. Hours later they sign.

I doubt if Rudyard Kipling had observed this ceremony when he said that East is East, and West is West, and that never the twain should meet. I see little difference in principle between what goes on in Tokyo and what goes on in various nightspots and resort hotels in the United States when the big expense-account money gets flowing. True, the *samisen* has not yet been widely employed in plush American restaurants, but there are those in our business community who seem to agree fully with their Japanese colleagues that the uninhibited use of high-priced food and liquor will move merchandise.

Certain it is that entertaining by business in this country is now itself big business. Some companies are more widely known for their parties than they are for their products. The occasions for business entertainment range all the way from two for lunch in the executive dining room to several thousand in the ballroom of the big hotel, with name bands, and orchids flown in from Hawaii for the ladies.

Gone are the days when a salesman occasionally wined and dined his favorite customer, or perhaps gave a small theater party. Nowadays, when the deal gets big enough, the company yacht weighs anchor and moves into position, the company plane takes off for a duck blind in Arkansas, or the best hotel in Miami throws open its doors to expectant dealers for a week of continuous circus.

The distaff side is cut in, too, on both sides of the deal. How the ladies love it! With jet travel what it is,

those who were getting a little tired of White Sulphur may now hope to look in on Capri or the Riviera.

The unseen partner in all this largesse, of course, the man who rides the afterdeck of the company yacht, co-pilots the duck hunters' plane, sits by while the caviar is spooned out and the *crêpes suzettes* are sizzling, the man who splits the check at the night-spot and hands the big bill to the headwaiter, is none other than Uncle Sam. Lights would go dim along the Strip in Las Vegas and chorus girls would be unemployed from New York to Los Angeles if it were not for that great modern invention, the tax deduction.

But who are the silent underwriters of this frenetic spending? You and I, the general taxpayers. It is we who make up to the U.S. Treasury the revenue lost through expense-account deductions.

This orgiastic abuse of the expense account is by no means universal, or even in a broad sense characteristic of our business community today. It is, however, a spectacular and alarming trend, participated in by enough companies and individuals to put all of us upon caution for the good reputation of business men as a class.

So far, expense-account entertainment is held somewhat in check by two factors.

First of all, the best companies—those who value the good opinion of thoughtful people—reject it. They behave with dignity and self-restraint in relationships with their customers.

Secondly—and this is altogether discreditable—in some of those companies that practice excesses, the president himself has no part in it. He lives correctly in his suburb, stays out of the hot spots. He just passes the word to the general auditor not to bear down. Expense accounts from the operating department get tough treatment—but not those from the sales end of the business. And the dirty work is delegated to the younger men. They catch on fast. They know that the boss prefers not to be told all that goes on.

Just over the horizon a third limitation is coming somewhat hazily into view. It may actually mark the cut-off of all this excess, if the spenders are smart enough to notice it, which I doubt.

That third limitation is rising public indignation. An ordinary fellow—say, an executive from a public utility where every penny is scrubbed before it is spent—takes his wife out to dinner for the one big evening of the year. He finds at the next table a neighbor who has just ordered his third bottle of champagne, although he is known to be two payments behind on his car. And the ordinary, decent citizen doesn't like what he sees. He cannot deduct his wife's dinner from his personal income tax as an expense, and he resents watching someone else live it up for free. So, when they hear about it second-hand from waiters and hat-check girls, do teachers and policemen and others who have just had a pay raise denied. So do I. And so does anyone else who understands and values the free enterprise system.

This may be the next spectacular issue for the politicians if the present ominous grumbling grows into a ground-swell. An attack on business is sure-fire in many Congressional districts. Nothing goes over better than to expose special privilege which is not available to the ordinary citizen. All that Congress has to do is to move in and pass a bill limiting the right to deduct entertaining as a business expense, and it will be finished. They narrowly missed doing just that in the current session.

When that time comes, the innocent will suffer with the guilty, as they always do, and legitimate promotional and development effort will be restricted or made more costly.

It is disturbing that business does not put its own house in order while there is still time, that it does not speak out boldly against expense-account abuses. The whole purpose of a trade association, or of any nationwide industrial organization, is to provide a collective voice on matters of mutual concern. The trouble is that we use that voice steadily against others, but seldom turn it inward toward ourselves. We are trigger-happy with criticism of Government, but reluctant when it comes to self-criticism. We are quick to point out the excesses of labor—and rightly so—but if we were equally ready to point out our own, they might more speedily be corrected.

That individual business leaders do not publicly denounce such abuses more often, even when they do not practice them themselves, is not surprising, though still regrettable. "Judge not that ye be not judged" applies. Each one of us feels a certain inhibition against appointing himself a critic of others' conduct. Yet this qualm disappears when it is a collective judgment made in concert with colleagues through a national organization. If such bold leadership for the correction of excesses cannot thus be achieved, free enterprise has an extremely vulnerable Achilles heel. If we cannot correct these things ourselves, we can hardly protest if Government steps in to do it for us.

But beyond these moral overtones, and the damage currently being done to the good name of business in the eyes of the general public, comes a practical question. Do these practices, in fact, pay off? There would seem to be serious reason to doubt whether lavish display and heavy-handed entertaining are really worth the cost, whether in the long run they actually sell the merchandise.

Those who indulge in such methods are notoriously poor judges of people. They seem to think that God made all men in their image. The salesman who resorts to the nightclub approach is usually a man who likes nightclubs. It never occurs to him that the man on the other side of the transaction might just possibly prefer to stay home, have a quiet evening with his family, and go to bed early.

Or take race tracks. Oddly enough, there are some people who would

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Orgiastic abuse of the expense account is alarming enough to put us all upon caution for the reputation of business men as a class.

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Does lavish display and heavy-handed entertaining really sell the merchandise over the long run? There is serious reason to doubt it.

Sometimes entertainment crosses the line into commercial bribery. Business thus purchased has too precarious a base to be enduring.

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rather potter around with roses in a garden than go out and bet on the horses. Quite often they are the very ones who get asked to go to the Derby in a private car.

In the earlier days of the automotive industry, the favorite technique was for a salesman to go to Detroit, organize an all-night poker game, and lose heavily to the chief purchasing agent. This approach lost sight of the fact that there are strange characters who would rather read a book in front of a fire than play deuces wild and absorb bourbon until dawn.

What a man does with his time after hours is purely personal, and more often than not it is sharply divorced from his business. Selling that forgets this is not shrewd.

In other words, on the law of chances, there are probably as many men who will be offended, even insulted, by over-expenditure to win their favors as there are those who will be impressed.

Sometimes the use of entertainment and gifts reaches the point where it crosses the line of proper customer relationships altogether and becomes commercial bribery. A set of golf clubs at Christmas to the third assistant purchasing agent, or a carton of cigarettes with a $100 bill tucked inside, is completely venal. Business purchased by such means has too precarious a base to be enduring. Yet, strangely enough, some companies that would fire instantly any employee who accepted such gifts from others nevertheless permit their own salesmen to make them. Surely, maintaining such a dual standard is less than honest.

The really fine salesman never mistakes his mission. For example, he never yields to the temptation of selling himself instead of his merchandise. He has but one thing to offer, and that is the product of his company. He submerges his own personality in the composite structure of the company team, so that there will be no break in continuity should circumstances cause him to be replaced.

His highest function is to determine with precision the customers' needs, even when they are not clearly understood by the buyer—as they often are not—and to make sure that his company can serve those requirements adequately. His knowledge of wines and his skill at cards are better employed when made available to his friends than when they are substituted for knowledge of his own business and that of the customer.

In the long run, the product must sell itself. It takes on no added value from exposure to neon lights, nor is it likely that its special virtues can be explained more clearly at two in the morning than at two in the afternoon. If it is insufficient in quality or uncertain in delivery, no amount of entertaining can long conceal those basic deficiencies. You can cover up a crack in the wall temporarily with whitewash, but the defect will keep coming back indefinitely until the wall is repaired.

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Those who commit the excesses are not given to serious thought for the welfare of the economy.

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The only relationship between seller and buyer that will endure through the years is one which rests solidly upon mutual satisfaction and understanding. No such lasting commercial partnership can be purchased with champagne. Nor can it be induced by a shallow effusion of insincere friendship from a showoff who has been given a fat expense account. Purchasers who bear substantial responsibility are intelligent and serious-minded executives. They want to deal with selling officers who are also intelligent and thoughtful, and who behave in a responsible manner. They have little respect for playboys.

Objective students of the current business scene must view this phenomenon of the reckless use of expense-account money with considerable dismay. They would be hard to convince that extravagant parties make a significant contribution to the nation. Party or no party, the commodity to be sold remains the same, having no greater utility for the buyer afterwards than before, and no greater profit potential for the seller. To say these things, however, is something of a waste of breath—for those on the lunatic fringe of industry who commit the excesses are not given to taking serious thought for the welfare of the economy or for the preservation of the private enterprise system in the midst of the great world struggle in which we are engaged.

They seldom pause to speculate on what image of the American free economy their conduct creates in the minds of men from the new countries who come to study our way of life. From Pakistan to Nigeria, from Ecuador to Indonesia, the battle is on between socialism and free enterprise. Which will be the basis for developing untapped industrial strength? We are the models upon whom men who wish to preserve private initiative in their economies base their hopes.

We cannot be too careful in what we teach them. They imitate the bad as readily as they do the good, and they may easily attribute our success to the wrong causes.

Selling is a high test of character, perhaps more so than production itself. Much of it takes place away from the watchful eye of prudent supervision. The individual is on his own, and his conduct will rise no higher than his own capacity to do right because it *is* right, when no one in authority is at hand to check him. Those who select and train him must have this in mind. They must not be deceived by suave manners and a ready gift of speech.

Above all, the right tone must be set at the top. END

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In the long run, the product must sell itself. No amount of entertaining can conceal basic deficiencies in quality, delivery, or service.

Despite management's huge investment in typewriters, computers, copying devices, recording equipment, over the past ten years office workers' productivity has actually declined--some experts think by as much as one-third!

The reason? Many companies suspect their own "permissive" approach is to blame. Without cracking the whip too sharply, how do they plan to set a faster, more efficient pace?

How to Set A Profitable Office Work Pace

WHEN George S. arrived at his office after an out-of-town management meeting, the little knot of people around the water cooler scurried back to their desks, and his secretary hastily broke off her phone call. Finding a mound of unfinished business on his desk, George S. buzzed his assistant office manager, only to find he was still out to lunch.

He was on the point of dictating a scorching memo to the staff when he paused, smiled, shrugged his shoulders. Why make a big deal out of it? After a moment he pushed the unsigned letters and reports into his desk drawer and strolled out to ask the sales manager if he'd heard the one about the salesman who. . . .

George S., unfortunately, is heading for trouble. The problem of office work pace can no longer be pushed into a desk drawer and forgotten. The ratio of clerical to production workers is increasing yearly. But while factory workers have boosted their productivity dramatically because of automation and improved techniques, the efficiency of the office employee has actually declined: Chicago management specialist John A. Patton recently estimated that it has fallen by more than one-third in the past decade. Many of his colleagues are ready to agree.

The problem becomes especially timely in the light of current concern over a possible business dip before the end of 1961. The moment the word "recession" is heard, a speed-up and cost-cutting fever runs through most companies. Very often, this haste makes for more waste—but moving toward an optimum pace right now can put you in a position to take upturns and downturns in stride.

The pace varies

Each company has a work pace that is all its own. Personnel placement specialists who regularly talk to hundreds of employers and job applicants are particularly aware of this.

"We frequently find that a man who was considered alert and effective in his last job is classed as hopelessly slow when he moves to a competitive company," says the head of one placement agency. "In other cases, a man who had felt pressured and harried before finds himself the office 'whiz kid' after making a change."

Talks with management consultants, who can look objectively at companies in many industries, back up the placement agencies' observations. They say the volume of work accomplished and the time considered normal for any given task can vary as much as 25 to 30 per cent.

From the executives and management analysts interviewed for this article came one clear impression: Work pace is so routine that it is seldom noted as a separate factor in an office. A few managers do seem troubled by an undefined feeling that they are overly-permissive, lax disciplinarians—but they haven't quite decided what to do about it.

It is true that the No. 1 cause of differences in work pace is the *personality of the management*. It doesn't always follow that a fast-paced, aggressive company president, quick in his own decision making, will have men similarly geared in the levels below him—but it *usually* does.

A multi-plant company headed by a brilliant chemist and inventor—who happens, however, to be slow and desultory about the administrative work he dislikes—provides a good example. When this man took over

as president, he rather testily demanded that his subordinates strive for more efficiency. Everybody gave it a good try. But time after time, they were stymied by the president's procrastination.

Gradually, this chief executive sensed that brisk efficiency on the part of his staff only put unwanted pressure on him. The other men noticed a slackening of his drive and began to hold each job a little longer, easing up on the people below them. Bit by bit, the pattern of slowdown went on until the company was geared to how fast its president worked, not to how fast he told others to work.

This need not spell disaster. In this case, the head man has genuine ability. His decisions are good, if slow, and the company is growing at a satisfactory rate. But it is important for such an executive to see himself as he is, and to realize that within three or four years his whole organization will be composed of men who conform to his ways.

Some like it slow

A difference in basic philosophies of management can cause variations in work pace, too—how much pressure on employees an executive believes will yield the best result. This factor is not so immutable as the first one: The men in management can't be asked to remake their personalities, but they can change their ideas if need be.

"Some managements don't care how much turnover they get on routine assignments," says an observer. "They feel that the only logical approach is to push office employees to the limit and replace them as fast as they quit. Others believe the cost of turnover is the greater loss, so they try to keep their employees happy."

Once in a while, this difference of philosophies takes a reverse twist: The management that shies away from turnover uses higher salaries as incentive, gets employees of better quality, and finds the work pace unusually fast.

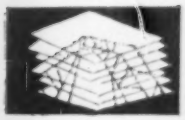
But this is a rarity. In the vast majority of cases, the rule holds good that work pace is determined by the character of the management rather than by the caliber of the workers.

How do you see your own organization's pace with an outsider's eye? One practical way is to talk with employees who have worked for other companies in the same industry.

How to Gage Your Office Work Pace

Which of these statements are true of your *office?*

1. Many of your letters begin: "We regret the delay in answering . . .".



2. You train your office supervisors and merit rate them as managers, not workers.

3. Your company goes in for group management and holds a great many meetings.

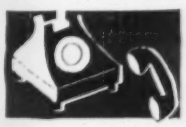
4. It is fifteen or twenty minutes after the official starting hour before people start working in normal gear.

5. When several employees are out sick or a snowstorm keeps them home, there is a definite pile-up of work.

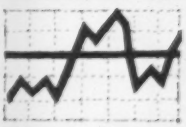
6. Visitors like the atmosphere so much they stay on and on.

7. The executives in your office have a set time each day for dictating letters.

8. They have more or less regular times for telephoning and for seeing visitors.



9. Some parts of the office have the same number of employees each day, despite variations in work load.



10. New employees have trouble keeping up with the work at first.

If yours is a fast-paced organization, you answered TRUE to 2, 5, 7, 8, and 10, FALSE to 1, 3, 4, 6, and 9. There are no exact rights and wrongs on some of these points, but if as many as four of your answers went the other way, it's a warning that your office pace may be on the lackadaisical side.

It's not necessary to demand that they answer with specific information that pinpoints the activities of a former employer. Questions and answers can both be general:

- Do you think other companies you have been with would have used more or fewer people to process so-and-so many orders, to handle this amount of classifying and filing?
- Are we a little more or a little less precise than other places?
- Do we keep up with correspondence as well as other offices do?

This type of analysis can give you at least a clue as to whether you are expecting too much or too little.

One analyst offers a rule of thumb, admittedly a rough one: If office employees spend less than 50 per cent of their time in actual output operations, they are too slow. Between 55 per cent and 75 per cent, most offices find their maximum effectiveness. Above 75 per cent, short-term efficiency increases a little more, but there is a slight drop in accuracy and a sharp decline in planning and attention to long-term factors, such as maintenance and morale.

One theory holds that work pace varies inversely with the profit margins in the industry. Robert S. Hall of McKinsey and Co. has suggested that in industries which normally enjoy wide profit margins, the main interest of top management is apt to be in areas other than office cuts, so work pace quite often suffers. "But in businesses operating on very narrow margins, constant surveillance of all costs is given higher priority in management thinking. The likelihood of a fast work pace increases."

On the ball

Another management consultant believes that industries where executives must "face the music" fastest also have the fastest pace. Retailing of clothing, for instance, where a decision on style selection is proved right or wrong in a matter of weeks, attracts management personnel who have more moment-to-moment energy. They, in turn, demand a faster pace from employees, and hire people who can stand the speed. Public utilities, at the opposite extreme, are partly locked-in by regulatory agencies, and major decisions are a long time in the proving. They attract deliberate individuals and utility offices reflect this.

Nobody claims the correlation between executive "decision facing" and clerical work pace is absolute, but many agree it is a factor.

The coming of automation seldom brings improvement in clerical work pace, for most offices hold fast to their old work patterns and realize only a small part of the new potential. One plausible reason for this has been suggested by office management expert Robert Walker of Cleveland: "There is no central authority responsible for the office, as there is for the plant. Several middle-echelon executives share the responsibility. This means that interdepartmental exchanges to make optimum use of employees' time are difficult."

Walker suggests these three minimum steps to overcome this waste:

1. Consider each group of office employees as a separate, profit-making operation. Each supervisor should feel that he is running a part of the business—not just keeping a certain number of people at their desks.

2. Establish a training period for each new office supervisor to make him a manager—not just a promoted clerk.

3. Set objective time standards for each job. For example, a mail room may find that it receives 1,000 envelopes on Mondays, but only 800 envelopes on other days. The average company will have two girls in the mail room and let it go at that. But the secret of holding on to your profits is to find other work for one of the girls to do when she's not needed in the mail room.

None of these suggestions is intended as a cold-blooded program to press for the last ounce of effort. The specialists take into account the need for a certain amount of rest in each 480-minute day, and even for some of the aimlessness and delay that accompanies all human effort. But the gap between the productivity of the production worker and that of the desk employee has widened to such a shocking point that a lot of "hard managing" in the office is going to be needed before a balance is reestablished. —CHARLES A. CERAMI

When haste makes waste . . .

Offices which move at a faster pace are not uniformly more efficient or more successful than the slower ones, as the comment of a young executive who recently underwent a radical change of pace reveals:

"After several years in the international department of a huge drug corporation, I accepted an offer to become assistant general manager of an export trading company with about 45 employees. Even though a salary increase was involved, I found myself unhappy right from the start. I felt as though I were riding a barrel down a succession of rough rapids.

"We were under constant pressure from the owners to make every hour count, to mail more solicitations, get more quotations from suppliers, scout for more product lines that we might handle. Personnel was kept to a bare minimum, so we had to do more little jobs for ourselves—even some of our own typing. I felt completely beat at the end of a day and I kept thinking guiltily: 'I guess I've been loafing up to now. Maybe this seems bad only because it's such a change.'

"But after six weeks, I began to see something else. There were lots of inefficiencies in this new way of working. I was too busy hopping around ever to sit down and think. Really thoughtful planning was out of the question. In my old company, which I am happily rejoining soon, we actually got more creative things done. Our rate of profit was a little less than this other place achieves by squeezing the most out of every sales dollar—but we had a higher growth rate, so our total profits kept building up."

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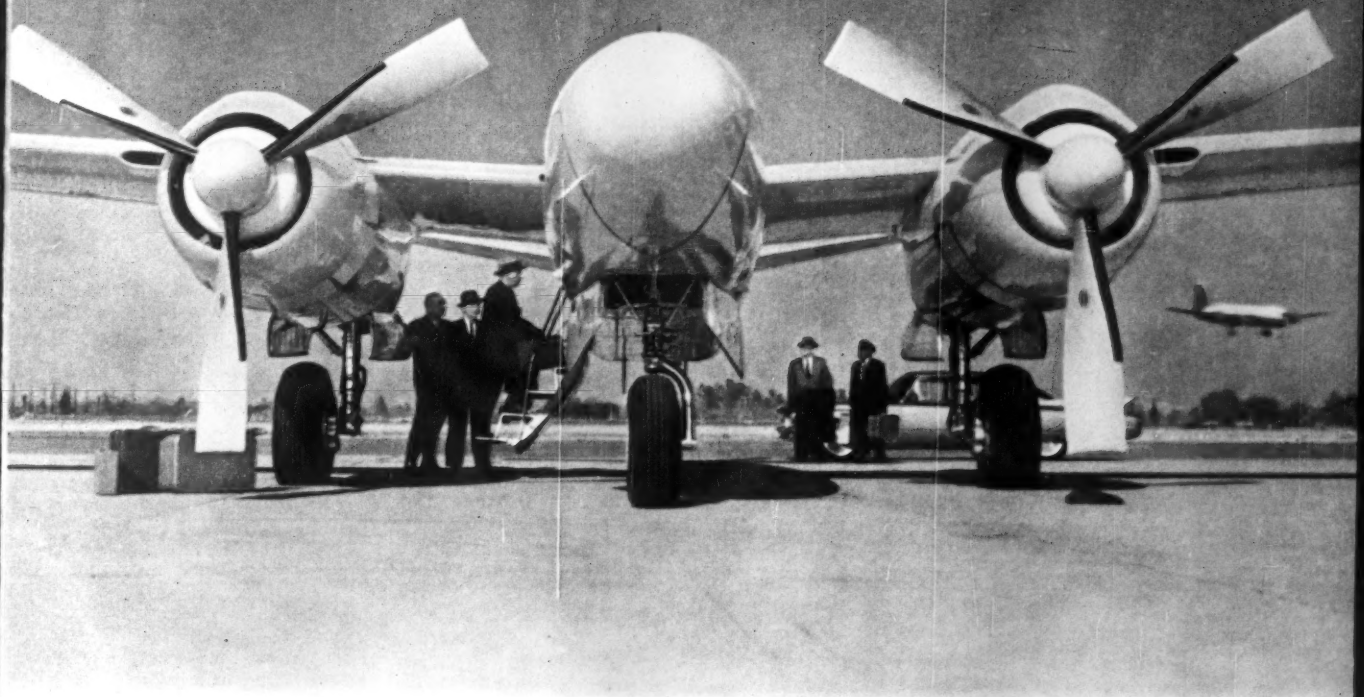

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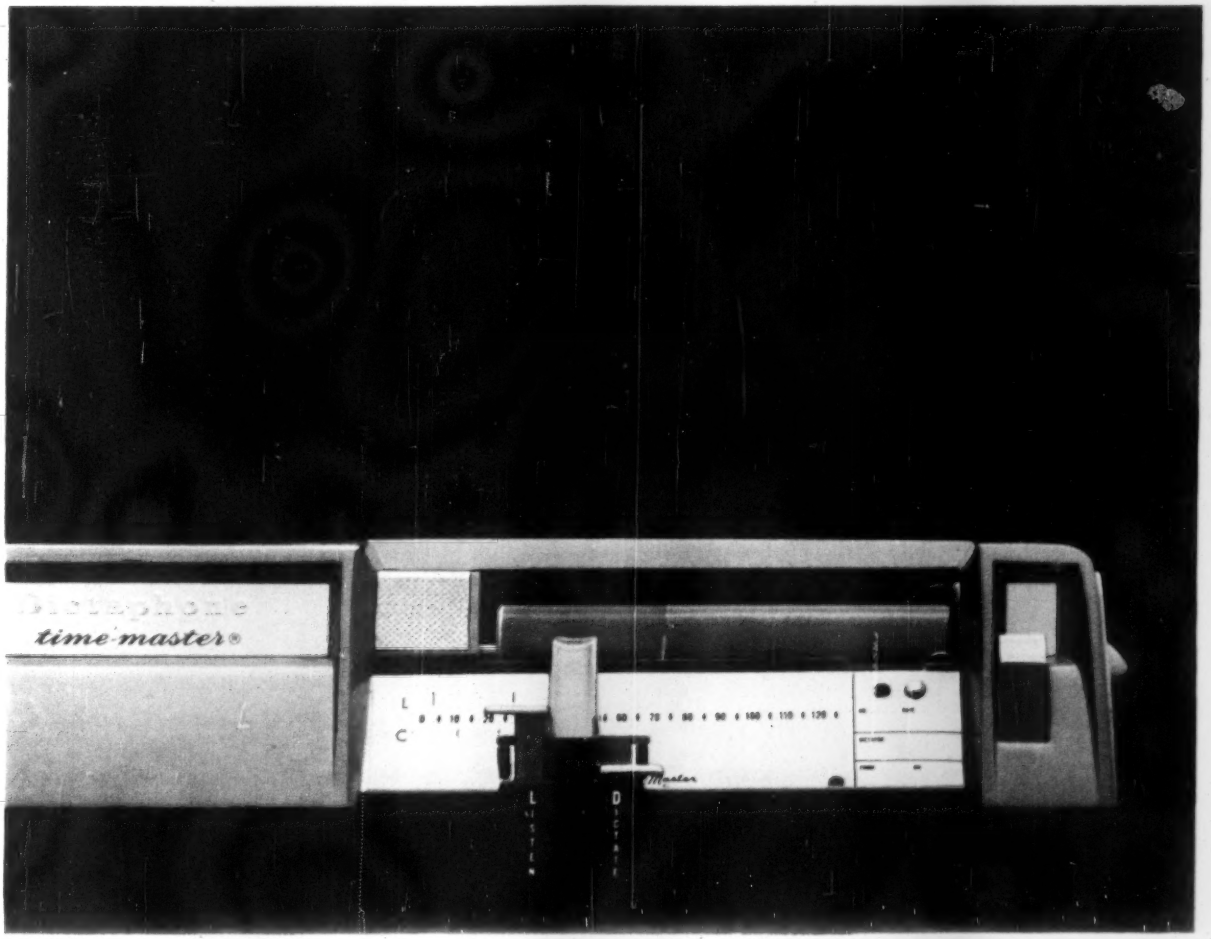

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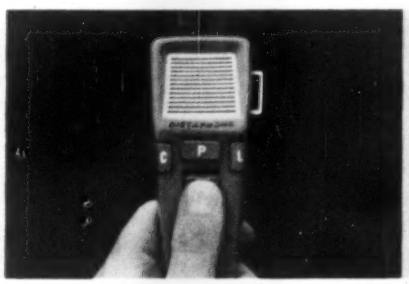

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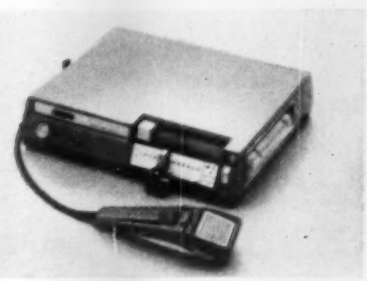

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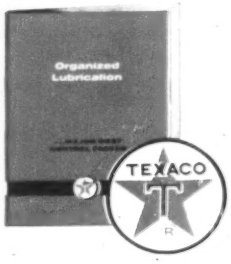

LUBRICATION IS A MAJOR FACTOR IN COST CONTROL

New Look in Consumer Credit

Bankers, retailers, and customers are hailing central charge. Is it a dangerous gimmick or a sensible spur to trade?

A banker's device, designed to increase the business of the grass-roots financial community, may end up radically altering American marketing patterns. Inspired by the various credit card plans that have cropped up in recent years, commercial banks all over the country are now offering central charge account service to local consumers and retailers.

Central charge programs have enabled stores to lure totally new business. They have also led to higher ticket unit sales, made it a much easier job to upgrade the customer.

Central charge plans are currently being operated by only a very small percentage of the nation's commercial banks—the seven-year-old Charge Account Bankers Association boasts some 123-odd members—but this fact is deceptive. According to Charles H. Landrain, a director and past president of the association, a third of the country's 100 largest banks offer central charge service. Since it is safe to assume that only one bank is likely to sponsor a charge plan in any given area, this figure takes on real significance. Landrain reports that bank charge plans are now operating in over 29 states. He notes, too, that the Charge Account Bankers Association picked up about a fifth of its current membership just last year.

Banks play up plans

The central charge roster includes such giants as the Bank of America and New York's Chase Manhattan Bank. The Citizens and Southern Bank is pushing a central charge program very actively in Philadelphia and Atlanta. The First National Bank of Minneapolis is putting the promotional muscle of heavy newspaper advertising behind its plan.

The Chase Manhattan Charge Plan offers a good example of results obtained. Launched in December, 1958, CMCP in its first year enrolled 360,000 cardholders and 5,300 merchants, operating 6,000 stores ranging in specialty from antiques to yarn, from appliances to maps.

The first year, they grossed $11 million in CMCP sales, ($5 million in the final quarter alone). Chase expects 1960 gross sales to top $25 million.

Even supermarkets are getting into the act, though with somewhat uncertain results. The Bank of America has been experimenting with them on the West Coast. One test subject, Corti Bros. of Sacramento, found Bankamericard customers accounting for 1½ per cent of volume within the first six months of operation. However, volume has recently fallen off, dropping from a $3,351 quarterly high at the end of last October to a $2,000 quarterly figure at the end of March.

Whetting expensive tastes

Nevertheless, Corti Bros. plans to continue with the program because of its effect on average sales. The store finds charge customers less wary of the more expensive brands or of such higher-priced items as delicatessen food and liquor. The average Corti Bros. charge sale is still $20, compared to a $6 average cash sale.

This is typical of central charge experience generally, though perhaps a bit more dramatic. Non-food retailers in many areas find their central charge customers spend up to 25 per cent more than cash customers, and many are new faces, which in terms of retail profits is particularly significant.

A store operating on a 40 per cent markup needs only one new patron among every six charge customers to break even on a 6 per cent service fee. Since this usually drops to a 4

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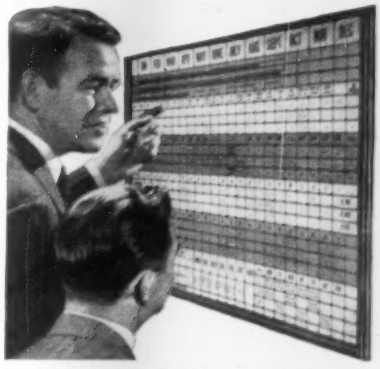

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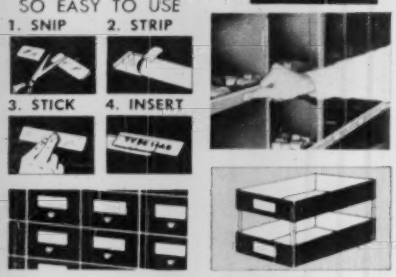

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per cent fee after the quarterly rebate, only one out of 10 charge customers need be new to cancel out the fee.

Presumably it will become progressively harder to attract new customers as competing retailers add the central charge service. But merchants now using the service are interested primarily in the present and tend to let the future take care of itself. More realistically, they feel they can hold the new customers they attract and that those customers will keep on spending freely. Even though they may not continue to gain trade, they expect their total business to be greater than it would have been without this particular lure.

At its convention last October, the American Bankers Association looked with some alarm at the recent upsurge in central charge plans. The ABA wondered out loud whether they are really profitable to a bank and whether they aren't too inflationary.

Participating banks, however think central charge is profitable. They see it as a booster of all their services.

As for inflationary tendencies, central charge advocates see this as true of any device that increases spending—and they point out that the stimulation of spending is the aim of business.

The retailer who customarily provides his own charge service is also somewhat reserved in his enthusiasm for central charge programs. He sees central charge as reducing personal contact with the customer. Some customers, too, resent paying a bank and possibly paying service charges on other people's overdue balances.

Central charge programs aren't really geared to retailers who have their own charge systems but to merchants who could never afford to underwrite charge programs.

Cash on tap

A store-operated charge program, they note, requires a substantial capital investment to cover the delay between purchase and payment. With central charge, the store gets its cash from the bank immediately.

Most important, they emphasize, is the fact that—at least at present—central charge attracts enough new business, bigger-ticket business, to create welcome additional profits.

To the consumer goods manufacturer, the new system represents one more highly effective impetus in the trend toward upgraded product tastes. It also represents a possible shifting of balance in his distribution picture, for it contains the potential to divert part of the charge-account trade that was once monopolized by department stores and certain major specialty shops. —ART ZUCKERMAN

How a typical plan works

Under a representative bank-sponsored central charge plan, the consumer receives a credit card from the bank entitling him to make X dollars worth of charge purchases per month and X dollars worth per transaction. The amount depends on his individual rating.

The purchases may be made in the stores of any of the participating retailers. Monthly billing by the bank covers all central charge purchases made in all stores. If the consumer wishes, he may carry over some of his debt at a monthly service charge of 1 to 1½ per cent—or he may pay in full and save the charge.

The retailer who wishes to participate in the program takes out a special account at the bank, which often may also be used for his other commercial banking transactions. When the merchant makes a central charge sale, he deposits the charge slip as if it were a check. The amount of the sale, less a service charge of about 6 per cent, is immediately credited to his account.

Every three months the bank totals each retailer's charge sales and calculates the size of the average sale. Depending on the size of the average sale, the bank then gives a rebate on the service fee. This rebate, which is credited to the retailer's account, normally ranges from 1 to 4 per cent of the average sale: 2 per cent rebates are extremely common.

Capital Views & Previews

PAUL WOOTON

Trade, says the Secretary of State,

points the way to increasing free world strength

"COMPETITION is the life, not the death, of nations." This expression is a favorite one of Christian A. Herter, U. S. Secretary of State, who today believes the United States faces more competition than ever before in its history. The competition with the Russians he expects to be particularly rough, and to meet it, he says, "we must match their enthusiasm for achievement."

One aspect of the international situation which is becoming increasingly significant is the Soviet Union's use of foreign trade as a means of advancing the Communist cause. Yet, Herter notes, the hundreds of thousands of words that have been written about U. S.-Russian political developments have crowded out news of State Department and Commerce Department activity to expand U. S. trade.

Christian A. Herter, Secretary of State

Benefits for business

What are the specific plans? Herter emphasizes that the program means:

- Increased employment in the U.S.
- More reciprocal trade agreements
- Guarantees for export credits
- Better trade promotion services
- More information for American exporters
- Fuller use of trade fairs abroad
- Promotion of tourist travel to the United States—a boon both to the American travel industry and to the millions of Europeans who want to visit this country.

Herter loses no opportunity to stress that Government can encourage and promote but that it is business which must supply and sell the goods. The business community is consulted on every phase of the program. A special export expansion committee has been formed, with Leonard F. McCollum, president of the Continental Oil Company, as chairman.

Other committee members are Rudolph F. Bannow, president of the National Association of Manufacturers; Donald K. David, vice-chairman of the Ford Foundation; Arthur H. Motley, president-elect of the U. S. Chamber of Commerce, and Morehead Patterson, board chairman of the American Machine and Foundry Company.

McCollum recently visited the free countries of Europe and learned firsthand of the healthy demand for American goods. He agrees wholeheartedly with Herter that the expanding economies of those countries puts them in a position to buy more American products.

In Herter's words: "Revival of economic strength among our free world partners is most heartening—but it creates a balance-of-payments problem. We want to meet that problem with measures which promote, rather than retard, world trade."

Nation after nation is liquidating restrictions that have hampered trade (see page 71). Great Britain has already swept away practically all restrictions on the import of American goods, and our sales in the United Kingdom have more than doubled this year. Reginald Maudling, president of the British Board of Trade, says the effort is nothing short of "tremendous." He is especially gratified that the United States has decided to meet its balance of payments problem by expanding exports rather than by reducing imports. For America to resort to import restrictions in the present situation, Maudling points out, would have a very serious effect on the entire trade structure of the free world.

The State Department emphasizes that a substantial export surplus is vitally important for domestic as well as external reasons. We must now give exports the same priority that other great trading nations do. Sale of American-made products abroad contributes directly to our national interest and to the good of the country as a whole.

Concrete evidence

In addition to the money they earn (and exports help sustain U. S. expenditures for overseas investments, for American travel abroad, and for the maintenance of military forces in foreign countries), exports also act as inanimate ambassadors of our way of life.

The day is past, Herter adds, when our goods will sell themselves. Both Government and business must do their utmost to increase exports if we

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  Your Ryderman expertly designs your fleet to meet your specific transportation needs.
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are to retain our position as a leader in the free world.

Herter has instructed the foreign service in his department to make trade promotion one of its major activities. The number of commercial officers has been increased and they are traveling widely in search of markets for American goods, giving more of their time to visiting business men and personally attending as many bid openings as possible.

New development organization

Herter is also particularly interested in the International Development Association, which will serve as an arm of the World Bank. The Senate approved U. S. participation, with an initial subscription of $1 billion spread over a five-year period. Composed of 68 member countries, the IDA will help channel investment funds from the 17 industrialized members to countries which are striving to catch up with the modern world. It also allows for wider use of soft, non-convertible local currencies for development purposes.

Herter thinks the new organization provides the best multilateral approach to the problems of emerging economies. Along with President Eisenhower, the Secretary of Commerce, and the chairman of the Export-Import Bank, he has been working closely with the British and the other developed nations which are taking part.

Secretary Herter is slightly concerned lest the similarity of names obscure the difference of functions between the multi-nation International Development Association and the Government's International Cooperation Administration, which aids countries that must bear heavy military burdens to protect themselves against Communist encroachment.

Herter has great faith in the soundness of all the Americas, and he does not expect Communism to make effective progress in the Latin nations to the south of us.

"It is contrary to all reasonable supposition," he says, "that any considerable number of voters in the Americas should ever willingly enslave themselves to the status of landless servitors to a new class of bureaucratic aristocracy."

If there is to be "peace with justice" in the world, one of the essentials, Herter believes, is a strong international police force as provided in the United Nations charter. The Soviet Union signed that charter, but by repeated use of the veto has prevented realization of the goal. Despite the difficulties which the U. N. has had, the Secretary thinks it is gaining in prestige. In his eyes, the General Assembly has many of the virtues of a New England town meeting, and serves as a sort of safety valve.

Herter, who was appointed to his present post after the death of John Foster Dulles, came to the State Department in 1957 after a long career in New England politics.

He is a man who never lost an election. He had served twelve years in the Massachusetts legislature when he won a seat in Congress in 1942. The odds were a reported 10 to 3 against him when he ran for governor of the state against Paul Dever in 1952, but Herter—a one-time architecture student and *cum laude* graduate of Harvard—won the race that year and was re-elected in 1954. (He declined to run again two years later.)

Accepting Dulles's invitation to serve as Under Secretary of State, Herter became responsible for congressional relations, inter-American affairs, nuclear test ban negotiations, and Middle Eastern affairs. He is known for his soft-spoken, courteous manner, but in his first major test as Secretary—at the 1959 Geneva conference—he showed his mettle in his replies to the Soviet Foreign Minister on Berlin. Bluntly, he warned Gromyko that we would never negotiate under threats or duress and that pressure tactics are deeply resented in the United States.

Perspective on Berlin

Berlin is only a part of the problem of Germany, Herter points out. The central problem is the division of the country. In the Secretary's words, "No European security settlement will be of value unless it is accompanied by a settlement of the German problem."

He loses no opportunity to repeat that the United States will stand firm on Berlin, a reiteration he thinks advisable so that Soviet leaders may not misjudge our firmness on the issue. General disarmament, the Secretary believes, must be considered in relation to the question of German reunification, and, he warns, "A lasting solution can only be based on the consent of the participants. It cannot be imposed." END

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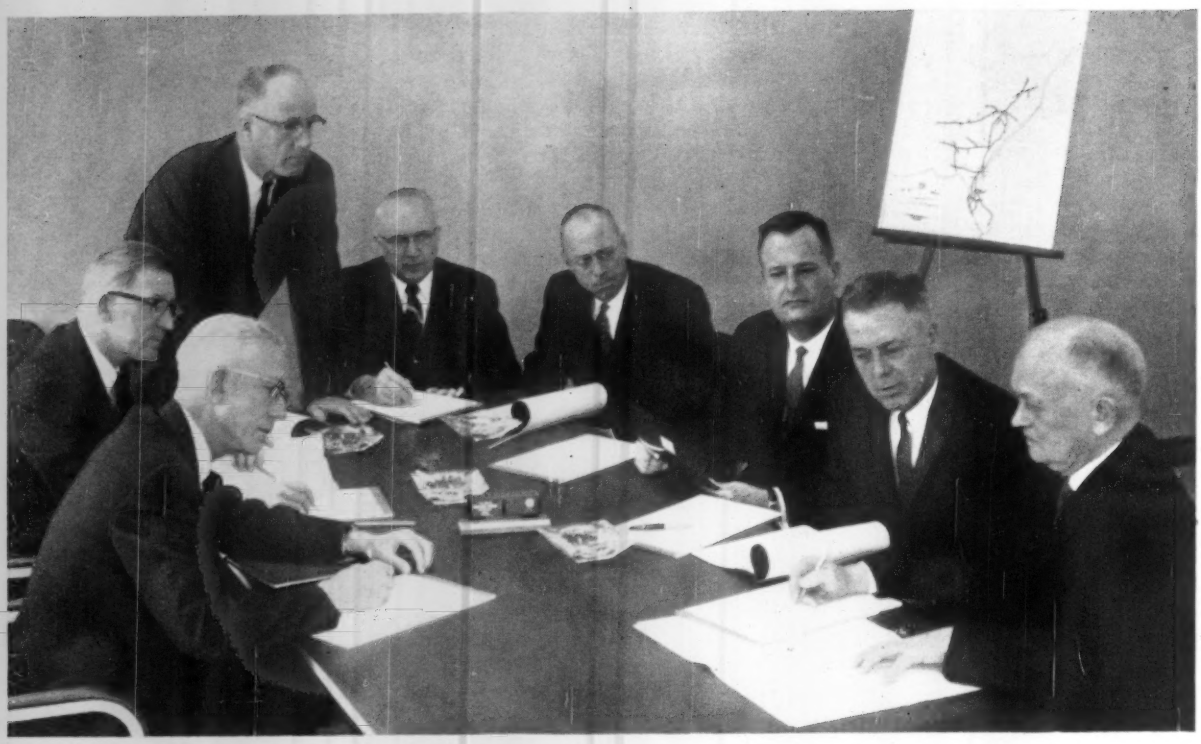

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Managing Your Manpower

LAWRENCE STESSIN

- *Once expert side-steppers, employee publications now charge into the thick of controversy.*
- *Here's how they're being used to alert workers to competitors' tactics, economic facts of life.*

THE employee publication has moved from the sand lots into the big leagues. It has become the star batter in the communications network of industry. This year it will flaunt a nationwide budget of $500 million.

There are two reasons for this success. Management has discovered that the company paper, if rightly handled, has a dollars-and-cents value. And it has started talking about subjects which for years were considered too delicate for the eyes and ears of the rank and file. According to communications specialists, employees are listening, too—and believing a good part of what the boss says.

The score is impressive, but plenty of errors are still being made. Among the 10,000 employee papers in the United States, there is no lack of rookies swinging like rusty gates.

C. J. Dover, communications consultant for General Electric, has scouted the nation's employee press for many years. In Dover's words, "Too many publications look something like this: The front page features a four-column boxed message from the president which, in 3,000 words of deathless prose, forever enshrines the noble concept of 'teamwork.' The editorial on page 2 urges the employees to drive safely. On page 3, a total of 483 names are mentioned in a gossip column which has screamingly funny titles like 'Stockroom Scuttlebutt.' Page 4 presents enchanting photographs of vacationing employees displaying three-inch grins and six-inch bluegills."

These Towers of Babble are diminishing, however. Papers that are professional in format and content are now in the majority. Just how journalistically seasoned a company publication can be was illustrated when a recent strike closed down all the daily papers in Cleveland, Ohio. The local *General Electric News* turned itself into a regular paper and became Cleveland's primary major source of news.

The importance of the company publication in the communications scheme shows up dramatically in a survey conducted by the International Council of Industrial Editors. The results showed that:

- Circulation has grown to over 75,000,000 a year.
- Slick-paper corporate magazines, some of them costing $1 a copy to produce, have increased. Two-color print jobs are no longer a rarity.
- Newspaper formats which make for greater flexibility, however, are moving up on the traditional magazine.
- 15 per cent of the publications are now turned out once a week. Some companies, such as New England Electric, put out a daily news sheet.
- Communications is becoming a top-management function. General Dynamics has a "Vice-President, Employee Communications."
- The employee paper is no longer a dumping ground for the incompetent or the inexperienced. Over two-thirds of the editors are now college graduates and as many have journalism backgrounds.
- In the past when a recession hit, the employee paper was often the first to cut costs. In the 1958 slump, more companies increased their budgets for communications than decreased them.

Evidence that the employee publication pays off in cold cash is equally impressive. When falling profits in the face of increased sales alerted the management of Johns-Manville Company to the need for paring costs the employee newspaper was assigned the job of selling the workforce. Launching a "Work Smarter, Not Harder" campaign, it pulled no punches, but ran articles on business lost, competition's inroads, quality complaints from customers. It took a year, but the problem of rising costs was licked and L. M. Cassidy, chairman of the board, credits the employee paper with the lion's share of the operation's success.

Less dramatic was the headache at Thomas J. Lipton Company, Hoboken, N.J. Car fleet salesmen were having so many accidents at such a rate that the company's insurance was uprated. The employee newspaper was enlisted to "do something." In nine months the number of accidents went down 8 per cent, even though mileage went up 52 per cent. Down, too, went the insurance rates.

Cost saving is not the only area where the employee paper has impact. One company set up a benefit plan in which workers shared the cost with management, but it couldn't whip up any interest in the program. The newspaper editor was asked to help stimulate "sale" of the plan. The

results in four plants showed an increase of employees signing up that ranged from 20 to 70 per cent.

The most marked change in employee publications, however, is in management's willingness to use them to discuss controversial matters. The extent of management's old reluctance to "talk up" on political and economic issues can be gaged from a survey conducted in 1955 by the New York State School of Industrial and Labor Relations. In the five-year period under study, 15 prominent employee publications *never* mentioned the word "strike." Even when one company had a two-month walkout and the plant was shut down tight, the biweekly paper—which was sent to the workers' homes—never once made a single reference to the dispute.

In contrast—and not at all atypical these days—is the way the North American Aviation employee paper handled a recent strike at its California plant. The pre-strike negotiations between the company and the union were the subject of a running page-one story, and when the walkout began, the company used its paper as the principal channel of communications.

In a wildcat strike, another management published the names, addresses, and phone numbers of union leaders in its newspaper, urging workers to demand a return to work.

Economics and politics get an equally large play. Other controversial subjects discussed are: featherbedding, layoffs, automation, stoppages, productivity, anti-trust problems, inflation, taxes, prices, and profits.

Competition, too, is a topic that has been brought out into the open. *Westinghouse News* did a montage of the trademarks and tradenames of its principal competitors "as a reminder of the challenge we face every day."

Handling controversial matters is a delicate matter. Dover, the General Electric consultant, offers the following list of helpful "don't's" in his book *Effective Communications in Company Publications:*

1. Don't underestimate the intelligence of your readers. Your readers are adults, not children.
2. Don't overestimate the knowledge of your readers. They are apt to have very little background on the controversial subject you are writing about.
3. Don't scold employees. Your copy can be blunt, forthright, effective without making all employees the "villains."
4. Don't be afraid to admit management errors. Readers usually react well if you frankly acknowledge what they know anyhow—namely, that management is not infallible.
5. Don't ignore the value of repetition. Employee turnover brings a constant change in the workforce.
6. Don't try to be funny about serious situations. A major reason why certain events are controversial is that they profoundly affect people. A strike, a layoff, a price change, a political issue, or a union organizing drive can have far-reaching consequences for employees. Treating them with levity won't win any friends.
7. Don't use slick, suave, sophisticated copy. Experience strongly suggests that it won't sell the management viewpoint on a controversial issue to employees.

What's a Fringe?

It was inevitable that sooner or later management men would get into a squabble over the definition of the term "fringe benefits." Credit the Bureau of National Affairs, a Washington research organization, with having come up with a definition that got the nod from 70 per cent of a panel of labor relations executives surveyed.

"A fringe benefit is any benefit for employees which (1) is not legally required, (2) costs the company money, and (3) is not expected to bring the company a direct, immediate profit in return. Unemployment compensation and workmen's compensation are excluded under (1). Under (2), a company-operated cafeteria that sells employees food at reduced prices would be considered a fringe benefit—but a company cafeteria that pays its own way would not. Under (3), a suggestion system would be excluded, but vacations and holidays would be classed as fringes."

Three-fifths of the companies queried allow retirees to retain some fringe benefits at company expense. Examples: hospitalization, major medical, accident insurance, discounts on company products, and discount rates on loans and mortgages.

Keeping the Secret

Many an executive may be enticed by a "blind ad" describing an opening tailor-made for him. But he thinks twice before he puts pen to paper. The ad may be from a company he knows and he wouldn't want it to get around that he's thinking of a change.

To overcome this block, one company—which received a good response to its quarter-page ad in a business journal for a vice-president of

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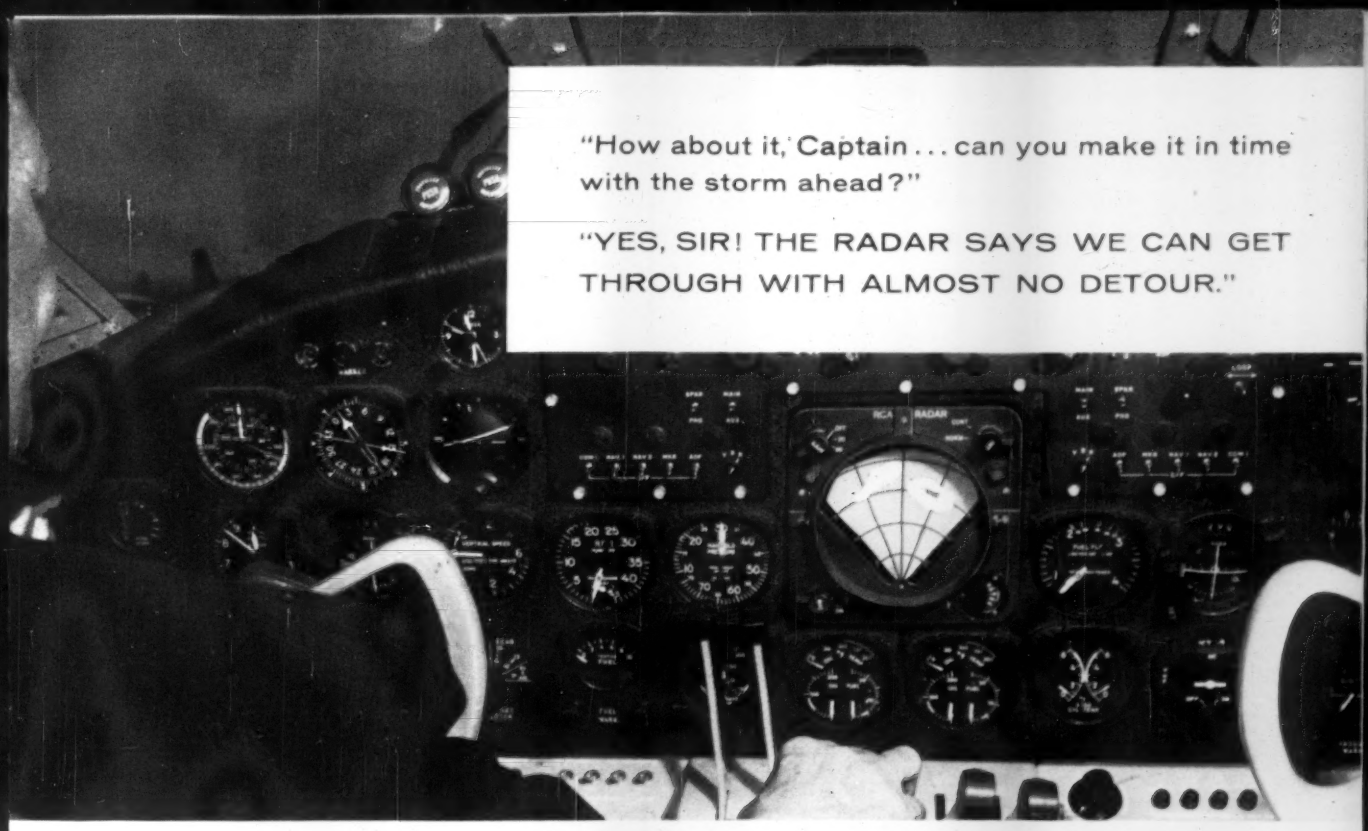

"How about it, Captain . . . can you make it in time with the storm ahead?"
"YES, SIR! THE RADAR SAYS WE CAN GET THROUGH WITH ALMOST NO DETOUR."

THE MORE YOUR TIME IS WORTH THE MORE YOU NEED WEATHER RADAR IN YOUR EXECUTIVE AIRCRAFT!

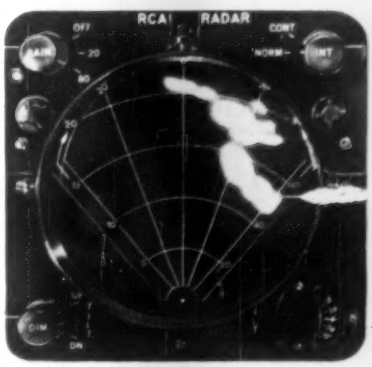
You fly to save time. Your time is too valuable to waste. That's why RCA's AVQ-50 Weather Radar is so important to you.

With the AVQ-50 Weather Radar in your executive aircraft, your pilot can "see" the weather far in advance. By heeding what the scope tells him, he can select the smoothest, most comfortable course through or between turbulent areas, and often avoid the long and costly detours formerly necessary. Knowing the weather conditions ahead, your pilot is under less tension and is better able to attend to his other duties.

Weather radar has proved itself so conclusively that it has been designated as required equipment for most commercial airlines. By installing an RCA Weather Radar you too can benefit from the added comfort and safety of weather radar as so many others have done. Low in cost, light in weight, RCA Weather Radar is economical to buy, may be installed easily in virtually all types of multi-engine executive aircraft.

RCA also offers the AVQ-10, a Weather Radar system designed for larger craft and the AVQ-60B ATC Transponder, a device which automatically and independently of the pilot, sends coded data on the plane's identity and location to ground control centers.

For further information get in touch with the nearest Authorized RCA Dealer, listed on the opposite page, or address: Radio Corporation of America, Aviation Division, 11819 W. Olympic Blvd., Los Angeles 64, Cal.



With this easy-to-read indicator before him, the pilot can "see" and interpret weather conditions far in advance of aircraft.

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The blue figure above could be a Townsend Man in your plant applying The Townsend Method to help improve your products, reduce unit costs and speed assembly.

His knowledge of advanced techniques in producing special fasteners and parts and the tools for installing them could be invaluable in the selection, design and proper application of these items to your products and methods.

By use of The Townsend Method he may analyze a particular product and have special parts designed to improve it. Or, he may suggest the use of one of many Townsend fasteners in the assembly. He may also study your entire production line and locate opportunities to improve assembly methods and tools.

Others have effected substantial savings in unit costs by having The Townsend Method applied to their product designs and production lines. To put it to work for you write F. R. Dickenson, President, Townsend Company, Beaver Falls, Pa. There is no obligation.

THE TOWNSEND METHOD

★ Investigate the present methods, special fasteners and small parts used in assembly of your products.

★ Evaluate your design in relation to assembly, unit costs and appearance.

★ Eliminate wasteful, time consuming, costly methods as well as expensive fasteners and parts.

★ Coordinate the design function with project engineering to assure most economical tooling and assembly.

★ Estimate possible savings which can be translated into increased profits for you.

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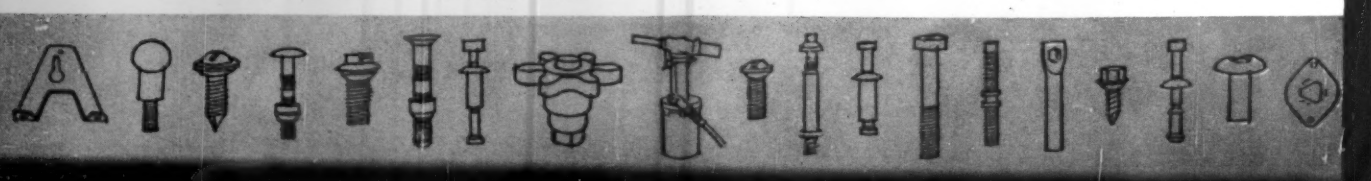


operations—tacked this paragraph on to its job description:

"Our organization knows of this advertisement—but if you prefer, reply through a third party of your choosing (lawyer, accountant, trusted advisor). An anonymous but comprehensive description of your experience will suffice as the first step."

The Community Benefits

The economic impact that a growing business has on a community was dramatically analyzed recently by Canadian National Railways in Montreal. When 100 additional employees were hired, the company figured out, here's what happened to the community structure:

- 427 more people
- 131 more households
- 66 more school children
- 117 more employees in business other than in manufacturing
- 187 more motor vehicle registrations
- 393 more telephones
- 3 more retail stores
- Nearly $1 million more retail sales per year.

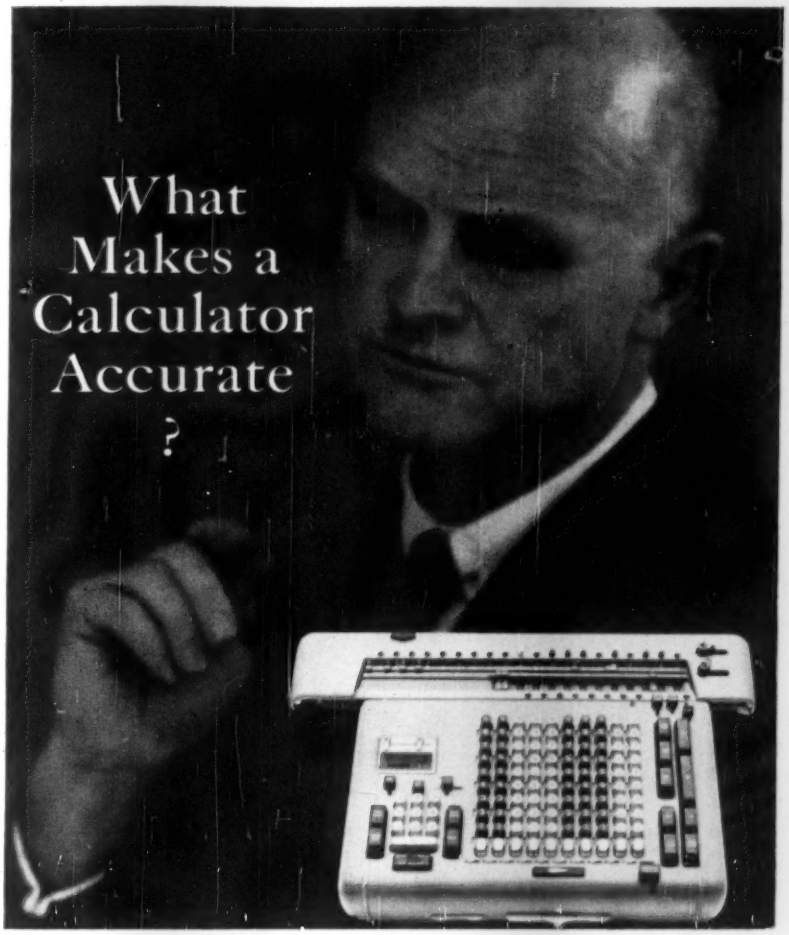
Canadian National Railways went on to point out that the addition of 100 manufacturing employees resulted in more jobs in other areas:

- 16 in construction
- 5 in utilities
- 19 in transportation and communications
- 9 in wholesale trade
- 29 in retail trade
- 7 in finance and insurance
- 32 in services.

Unions Go to College

The drop in union membership over the past two years has disturbed top leaders of the AFL-CIO. The shift of the labor force from blue-collar to white-collar—caused by the increase in staff positions as well as automation—has been blamed for the depletion. But labor officials see other causes: poor public relations as a result of recent Congressional hearings, and the lack of an effective organizing corps.

To help fill the ranks of organizers, the AFL-CIO has taken to the halls of ivy. Harvard and Washington Universities have set up training programs for union organizers, and union-run seminars on organizing problems are scheduled in other universities. END



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You'll find this popular satin finish on built-in oven doors . . . range tops—on kitchen appliances where finishes should be carefree.

Brushed Nickel-Chrome is carefree because it's actually durable Nickel plating topped with a thin coating of chrome. Nickel plating that protects against corrosion. That resists nicks and scratches. That keeps appliances good looking for good long years.

These are some of the reasons why more and more manufacturers are turning to quality Nickel plating—are gaining greater sales appeal and market acceptance for their products.

How does Inco help? In its own laboratories, Inco is helping to develop new techniques that promise longer plating life, and more lustrous beauty. Factors that not only help sell a product, but also build consumer acceptance and *preference.*

Out in the field, working with the plating industry, Inco is helping to improve the quality of Nickel-Chrome Plating. And in national advertising, in leading publications and on radio, Inco is also helping to stimulate the market for this type of quality plating.

By its contributions to the development of better products, and markets for these products, Inco helps bring the benefits of Nickel to more and more people. It's another reason why there's "Good news for you in Inco Nickel." *©1960, Inco*

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Inside Industry

☆ *Highway of the future promises high sales for companies new to the roadbuilding field.*

☆ *Heresy or common sense? Industry spokesmen attack the annual model change.*

Road to Profits

Our highway system—on which many Americans spend as much time as they do in bed—is due for substantial electronification. When and if this takes place, many companies will share in the multi-billion-dollar roadbuilding market, now the exclusive domain of contractors and cement, asphalt, and steel producers.

A team of industrial giants—Radio Corp. of America and General Motors Corp.—has actually produced a working system that lets the driver doze at the wheel in safety. Since it requires extensive modification of the family car, it is probably a good decade or more away from widespread acceptance. Some basic elements of the system, however, are already being used to promote highway and intersection safety and to control traffic lights.

The basic element in the electronic "Look, Ma, no hands" highway control is a loop of wire buried in the pavement (see sketch). A series of them can be tied together to flash warning lights beside the road, which —in a fog, for example—alert drivers when cars are ahead.

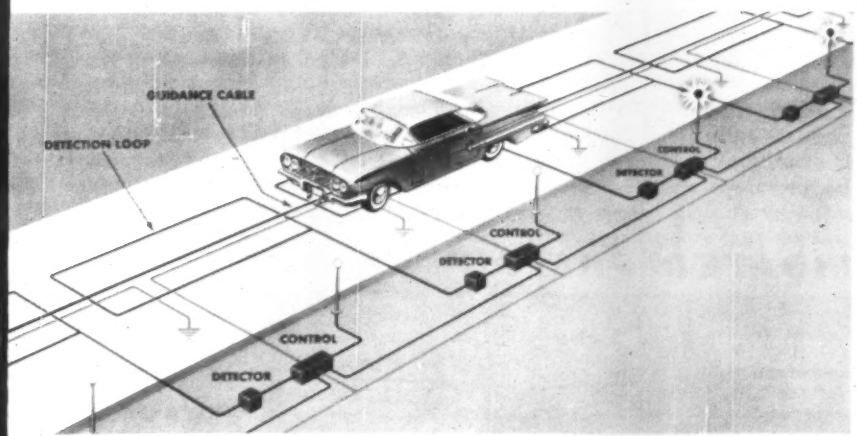
When a vehicle passes over the loop, it registers its presence by disturbing the weak magnetic field that the loop sets up. This information is fed to an electronic black box beside the road, which triggers the lights.

This is a pretty elementary system that doesn't require any added equipment on the car, but the next step is hands-off control of the auto itself. This calls for running continuous signal wires in the pavement, comparable to lane markers.

It would take about $200 worth of added equipment on the cars to utilize the signals, and experts doubt that any car owner would buy it without prodding. But if authorities refuse to permit autos that lack it to use the superhighways, sales would boom.

Building the complete electronic system into a four-lane highway would add about $40,000–$50,000 to the cost per mile. But since the electronic controls greatly increase a road's capacity, proponents of the system hold that it would actually, in effect, lower construction costs.

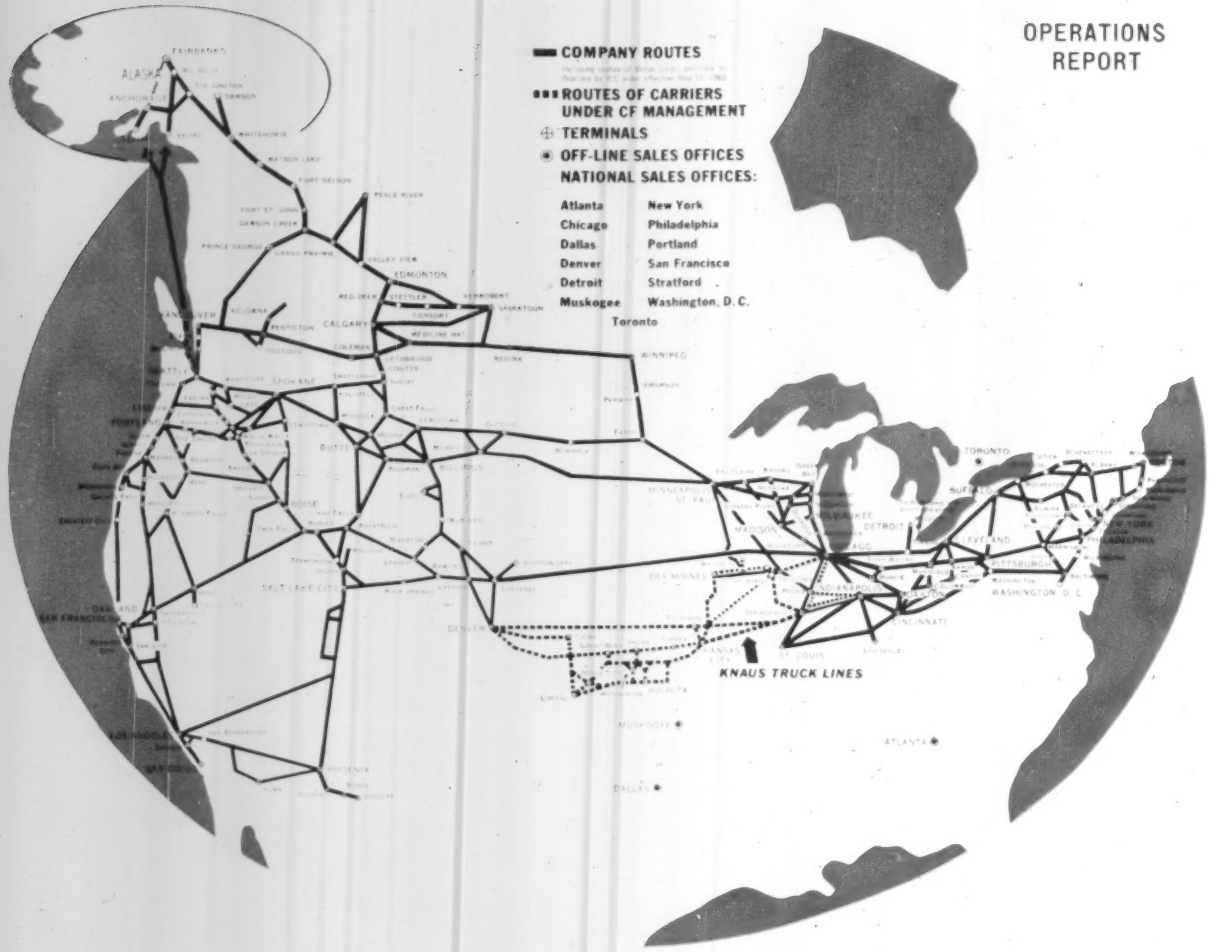
The Nebraska highway department is already using the RCA loops to measure traffic, an essential source of information in highway planning. Next, the state plans to install the loops to control the lights at a busy intersection. Even if this installation is highly successful, it will still take years for the system to win general acceptance. Considering the vast size of the market involved, however, industry can afford to wait patiently until the fully electronic highway becomes a reality.



ELECTRONIC HIGHWAY: *This schematic drawing shows how much electronic and electrical equipment is involved in one version of the electronic highway of the future. Complete installation on a superhighway (see above) would add $40,000–$50,000 a mile to roadbuilding expenses, but would also greatly increase the capacity of highways that cost up to $2 million per mile.*

No More Model Years?

That sacred American business institution, the annual model change, is under attack by a group of profit-minded heretics. There is also plenty



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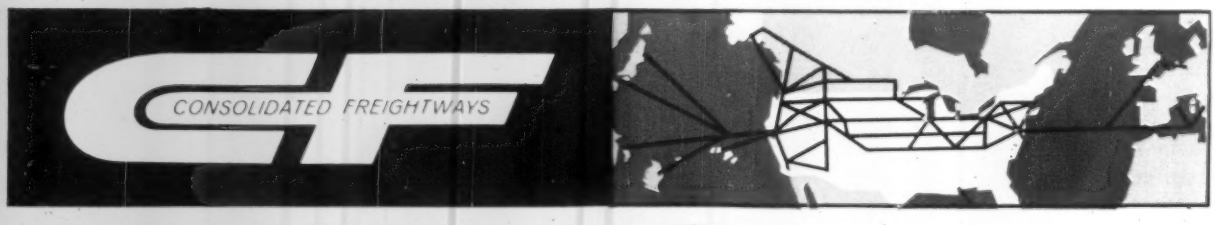
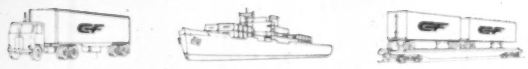
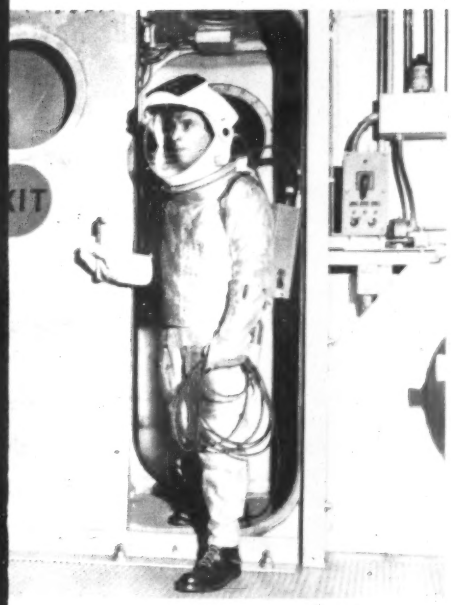


TRANSPORTATION WITH IMAGINATION





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of evidence that the buying public is heeding their exhortations and deserting the high priests of planned obsolescence.

Georgy Romney, the great advocate of the compact car, is leading the top management of American Motors Corp. in a sharp denunciation of annual model changes for major appliances—with the intimation that this radical policy may even be applied to automobiles. This would have been anathema to Detroit a short while ago, but this year the auto industry is so busy beating the drums for its new baby—the compact car—that its yearly campaign to push the traditional model change is less emphatic anyway.

There are many in the business community who are ready to stand up and be counted with Romney. A dozen of the nation's top industrial designers, interviewed in connection with the lead article this month (see page 32), are unanimous in their opposition to the annual change. Some

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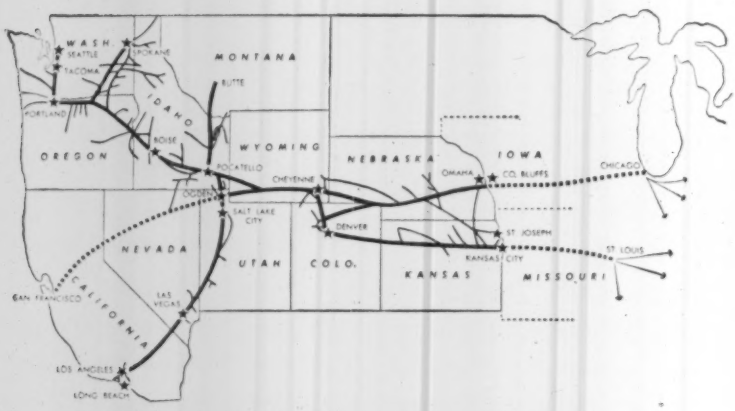

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foreign car distributors are adding fuel to the fire by running full-page ads in national magazines, pointing out that their wares don't go out of fashion and making their appeal to those who want quality that lasts.

The annual-model-changers are not ceding the field to the upsetters-of-the-status-quo. They claim there are real benefits in the yearly rejection of the product appearance they acclaimed so warmly four seasons earlier. They say that having a set time for the switch to a new model permits orderly presentation of an accumulation of minor changes, and that a new model provides a springboard for merchandising.

The Romneyites, however, claim that most of the improvements are merely changes for change's sake. They believe that if all the engineering talent engaged in forced-draft superficial modifications were freed to work on real innovations, much worthwhile progress would ensue.

It is still too early to tell if the annual model change will join the apprentice system as a waning industrial convention. But the debate is already lively, and the opposing teams are charging their batteries to get off to a really fast start in the next lap.

—M.M.

SCIENTIFIC ROCK 'N' ROLL: *To find out what low-frequency vibrations do to human performance, the Boeing Aircraft Company is subjecting people to the shakes in this bouncing chair. The study, under an Office of Naval Research contract, is for manned space vehicles—but the results can be applied to any work environment subject to vibration, such as trucks and off-the-road vehicles.*

Focus on Finance

GERALD M. LOEB

» *Are stockholder meetings a travesty? Have the chronic complainers and publicity seekers taken over?*

» *The gadflies claim to speak for the absent stockholder. But there are better ways to give him a vital role.*

A cameraman turned on the bar of floodlights attached to his moviemaking equipment. Simultaneously two or three stockholders at the annual meeting rushed down the aisles gesticulating and shouting. An observer couldn't help wondering whether they were interested in the meeting or in having their pictures taken.

A few episodes like this make the financial pages every year, and cause thoughtful people to wonder whether the annual meeting is still serving its proper purpose—or whether a few publicity-seekers are making it into a kind of financial variety-turn. Unfortunately, the typical, uneventful annual meeting never hits the headlines.

There are really three kinds of annual meetings. At one, a tiny minority affords entertainment of a kind, but no information for stockholders or anyone else. At the second, a much larger minority is truly informative, and the attending stockholders come away knowing more about their company than they did before. But most annual meetings fall into neither class.

A mere formality

Most meetings fulfill the requirements of the law and the company's charter, but no more. Either because they are held in some inconvenient place, or because stockholders are apathetic, they are sparsely attended and contribute little to mutual understanding between owners and managers.

There is one eminently sensible point of view about the nature and purpose of the annual meeting that is shared by enlightened management and informed stockholders alike: Investors with a substantial stake in a company, as well as their representatives—such as brokers, investment counselors, banks, and other financial institutions—come to listen. Management tells its story. Later, the stockholders welcome the opportunity to ask intelligent questions which help them understand facts, figures, and policy—and which don't hurt the company competitively.

There need be nothing "undemocratic" about a meeting conducted along these lines, even if the proceedings are dominated from the dais rather than from the floor. After all, in most corporations, the rule is "one common share, one vote." Management is elected with a mandate to conduct the company's affairs as it sees best for the one-year period between annual meetings. At each meeting, a majority of shareholders who choose not to endorse the past year's policy can pick a new management.

It is true that a minority who feel this way but cannot persuade the majority are in a more difficult position. But here, too, the sophisticated investor knows what to do. In the first place, he does not buy stock unless he has satisfied himself about the company's management. Should he later change his mind, if tax considerations permit (and with a little calculation they usually do), he can sell his stock and put the money elsewhere. Barring exceptional cases, it is only the amateur stockholder who thinks of himself as being "locked in," and develops a grudge against management for that reason.

In most corporations, stockholders need have no quarrel with the usual way of conducting the annual meeting. Only in a few cases is there an organized and effective group expressing reservations about existing company policies. Indeed, the voting is usually over before the meeting begins. Stockholders are circularized and sent their proxies. The great majority of them return the proxies by mail, instead of turning up in person. It is only in the rarest instances that the vote is determined by the people who actually attend.

No "SRO" signs

It is logical that this should be so. Take the company with the largest stockholder family—American Telephone and Telegraph. As of the close of 1959, it had 214,630,257 shares outstanding and 1,736,681 stockholders. At the annual meeting this year, approximately 11,200 stockholders, or about 0.6 per cent, were able to attend. Even this is probably a record for attendance.

The 1960 figures for some other leading annual meetings were: General Electric, 2,114 stockholders present out of 417,053; General Motors, just over 3,000 out of 781,970; RCA, 1,600 out of 164,000; Standard Oil of New Jersey, some 4,500 out of 607,627. There were many more annual meetings at which scarcely any stockholders turned out at all. The principal reason, of course, was geographical. In the case of companies like AT&T, a second reason was the lack of controversy. But a very vital reason was the general knowledge that the proxy statement and the votes sent in before the meeting were sufficient. Except when a bitter contest is under way, the meeting deals in almost all cases with matters that have already been decided.

This fact is precisely the main complaint of a small but vocal group of

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people who claim that only their conspicuous intervention can guarantee shareholders' rights. They see themselves as the sole effective voice for millions of small, dissatisfied stockholders whom management is resolved to ignore. They work on the principle that they must shout very loudly in order to be heard at all.

Spotlight on the critics

Who is the person most likely to use these dramatic techniques? It may be the perennial nuisance who rises to complain about the box lunch—a small irritant, though it indicates a painful lack of good sense about the way a company should spend its money. Or it may be someone who wishes to discuss such serious issues as option plans or cumulative voting. Because both employ the same means of getting attention, some people have difficulty in telling them apart. Indeed, the stockholder who raises a serious point is often guilty of taking up additional time with frivolities—and spoils a good case by doing so.

Very real progress is being made toward informing stockholders and protecting their rights. But most of this work is done behind the scenes by the New York Stock Exchange, the SEC, and the corporations themselves.

Certainly, the first important steps in this direction that I can recall took place towards the end of 1929, when the New York Stock Exchange insisted on full disclosure of the issuance of any warrants or stock options. A classic instance occurred in July, 1933, when, after a long struggle with the late Orlando Weber, the Exchange persuaded Allied Chemical to disclose to stockholders many important figures on its operations which had previously been concealed. The Exchange alone has taken something like four dozen major measures of this kind—and countless minor ones—in the past three decades. Its right to deny or suspend listing for a company's stock is a very powerful weapon. As recently as April of last year, Keith Funston, president of the Exchange, announced an even broader program to strengthen stockholder rights.

Another factor contributing to fuller disclosures has been a change in the nature of corporate management. The big company of today is so complex that it can scarcely be run by one man, or even by one family. Ownership-management has given

way to salaried management. This kind of delegated authority cannot be exercised solely in the interest of profit. Good relations with customers, employees, government, and stockholders—including minority stockholders—have assumed a new importance.

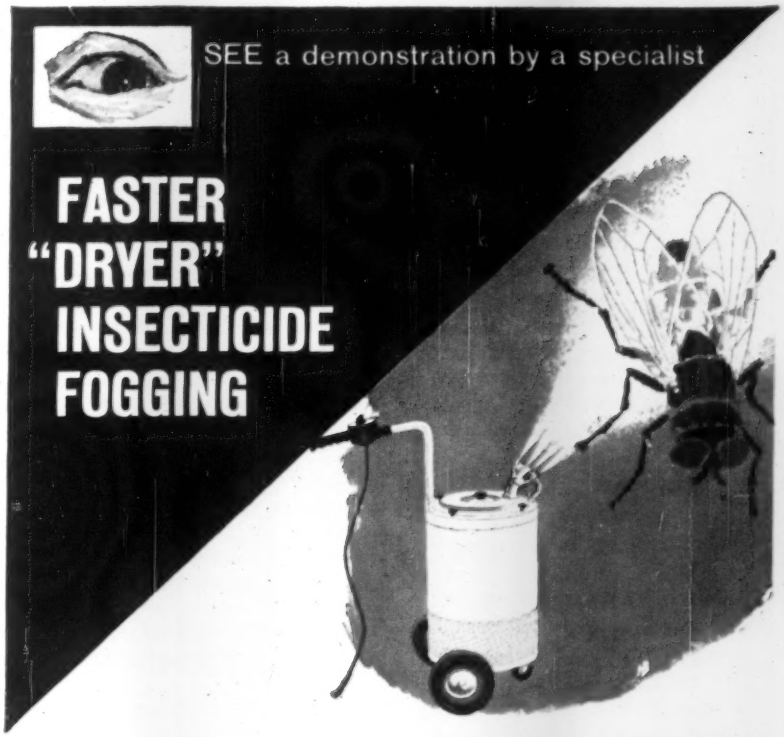
The annual meeting is obviously being affected by this trend. This year, many managements have allowed more time for stockholder complaints, and have gone out of their way to discuss such things as unfavorable earnings trends which invite controversy from the floor. At a meeting of one important corporation, the chairman participated in some very frank discussion with small shareholders. One man took up 25 minutes criticizing management policies. Another man urged that, since the company's main business was no longer yielding high profits, surplus cash and future earnings should be put into other industries. Yet another, starting from the same assumption, recommended that almost all earnings be paid out in dividends.

Bringing such issues into the open may not always be advisable. But the fact that it can be done without specific hard pressure on management points the way to a reappraisal of the importance of the annual meeting. Probably its principal value (apart from conforming to legal requirements) is, and should be, informational. Here is a chance for stockholders to see their management and meet it, ask a few questions, and hear what it has to say. This contact can be invaluable, provided the largest and best-informed stockholders and their representatives contribute a fair share to the discussion. Those who have the biggest stakes should logically have the biggest voice, since in most cases they are in a position to ask the most useful questions.

Facts and figures

An alert and informed financial press, by giving the meeting full publicity and highlighting its important aspects, can also make a great contribution.

At present, just as most of the voting takes place beforehand, most of the information is disseminated either before the meeting in the annual report or afterwards in the report of the meeting's proceedings. This should be carefully compiled and mailed to all stockholders, security



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analysts, and the press. But even so, it is no more than an important adjunct to a large attendance and a lively discussion at the meeting itself.

Management can do much to encourage this attendance and discussion.

Some companies have tried to enlarge direct participation through television, by selecting the most convenient locations, or by meeting in various cities in turn. Large stockholders also have an important responsibility in making the meeting worthwhile for all. It is imperative that more progress should be made along these lines.

The late Robert Young employed Thomas E. Dewey to control a tumultuous New York Central meeting. Despite his great knowledge, experience, and influence, the legal aspects of the situation prevented the former governor from improving things very much, and a vocal minority was able to take up a disproportionate amount of time.

As a stockbroker and not a lawyer, it is impossible for me to say whether legal procedure can be altered. Only too often the wording of rules laid down expressly to protect turns out to do harm during the very process of protection.

Absent, but not forgotten

As a layman, it would seem to me that if it were legally possible, it would be a great step toward genuine democracy, so far as stockholder information is concerned, if stockholders were encouraged to submit questions before the meeting along with their proxies.

Management could then answer the questions that recurred most often, and those that were most informative. Questions and answers could both be reprinted in the postmeeting report. In this way, perhaps half the time of a meeting could be devoted to the large majority of stockholders who cannot attend.

Having made this time available for shareholders who wanted to question management, it seems to me that management would be justified in sharply limiting the time allowed for questions from the floor, and giving short shift to those who use disorderly tactics to get a hearing.

The day when the annual meeting was just a formality seems to be passing. In the future it should become an interesting and vital episode in a corporation's affairs. If it doesn't, there is a real danger that the obstreperous few will succeed in turning it into a permanent travesty.

Theory and Practice

What happens when you send the same questionnaire on the over-all economic outlook to two separate groups—one composed of leading Wall Streeters and one of leading economists? Most people would probably expect the sales-minded Wall Streeters to display optimism, and would look to the academics for dispassionate and cautious analysis.

If this is still the popular view of theorists vs. practitioners, it is certainly wrong. Probably it always was. At any rate, the well-known opinion research firm, Elmo Roper & Associates, distributed just such a questionnaire at the beginning of 1960 to get an idea of informed thinking on the outlook for the coming decade. Exactly 47 per cent of the Wall Street men said that they expected a "moderate" boom, compared to 61 per cent of the economists. The idea that "new built-in economic stabilizers" would make a serious depression impossible appealed, again, to two-thirds of the economists, but to only half of the brokers and bankers.

In such matters, Wall Street is eminently practical. It has to be, because it stakes its bankroll on every decision of this kind. The economist does not; all he risks is his reputation. When you are invariably called upon to invest your own money on your own judgment, you become rather cautious about making long-range predictions.

Answers to other questions in the poll showed similar divergencies of opinion. Three-quarters of the Wall Street men thought that inflation was not necessary to economic growth and that we have had too much inflation in the past five years. More than half the economists called the inflation since 1955 "reasonable," not excessive. More than one in every four financiers, but only one in every 33 economists, thought that an unbalanced Federal budget was always a bad thing.

Here again, Wall Street is guided by bitter experience. An economist may find that inflation eats into his personal income, but a broker or banker may be responsible for paying salaries to hundreds of employees, while at the same time rent and other

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State and Municipal Securities	431,387,986
Other Securities	101,648,987
Loans	4,266,856,585
Customers' Acceptance Liability	126,461,529
Federal Reserve Bank Stock	18,744,000
International Banking Corporation	7,000,000
Bank Premises, Furniture and Equipment	77,955,455
Items in Transit with Overseas Branches	29,447,400
Other Assets	10,762,819
Total	$8,162,639,502

LIABILITIES

Deposits		$7,173,331,619
Liability on Acceptances		134,663,817
Foreign Funds Borrowed		410,900
Reserves:		
Unearned Income		40,225,066
Taxes and Accrued Expenses		65,073,767
Dividend		4,590,000
Shareholders' Equity:		
Capital (*12,240,000 Shares—$20 Par*)	$244,800,000	
Surplus	380,000,000	
Undivided Profits	119,544,333	744,344,333
Total		$8,162,639,502

Figures of Overseas Branches are as of June 23.

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overhead expenses are rising fast. He also knows that it is very hard to keep your net worth even—much less make it grow—while fighting inflation and the mounting apparatus of taxes and regulations which always go hand in hand with it.

The Wall Streeter knows that he is in for trouble unless he balances his own budget. In his view, unless the national budget is also balanced, the Government—and the people it represents—are in for trouble, too.

On Wall Street's own ground—the ownership of common stocks—another disagreement showed up. This time the theorists were less optimistic: 45 per cent of them looked for no change, or an increase of less than 20 per cent in the number of people owning stock during the next ten years. The business men voted by a two-thirds majority that the increase would be 20 per cent or better.

This particular difference of opinion shows very clearly what is, and what is not, ground common to the two groups. Both recognize that inflation is a fact of life, but the Wall Streeters believe that the individual should and will do what is possible to protect himself against it. There is already a definite trend towards broader ownership of stocks. As inflation is forced upon us—partly by the need for mounting military expenditures, partly by lack of courageous political leadership—security ownership seems to be growing in popularity as a partial offset to its worst effects.

At the same time, more widespread education and a wider distribution of wealth are creating more potential stockholders. Wall Street welcomes the opportunity thus created, and is trying to take advantage of it. In looking after its own interests, it will contribute vitally to the expansion of our property-owning democracy. END

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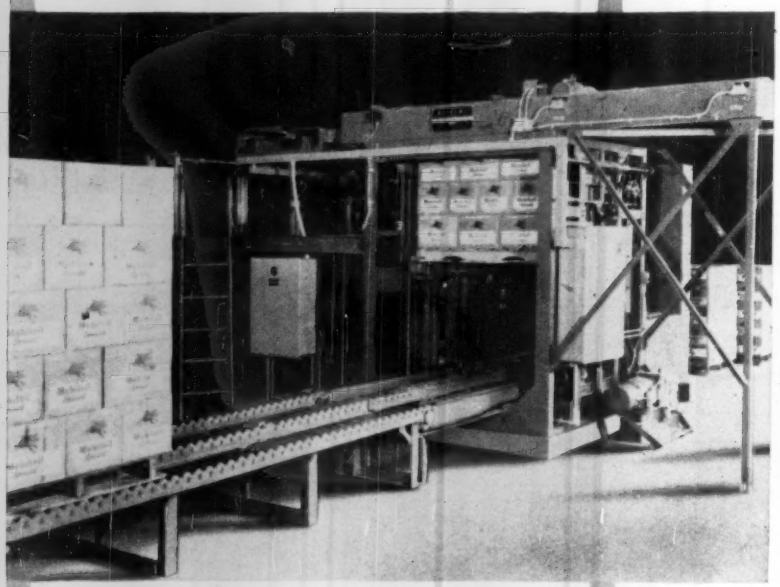

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International Markets

ALEXANDER O. STANLEY

IT may be only a thin reed on which to base a long-range trend, but January to April 1960 U.S. international trade figures show solid gains over 1959, and in comforting proportions. U.S. commercial exports made a 22-per-cent rebound to $6.3 billion, with April tabulations reflecting the best monthly recovery in three years.

Inbound shipments during the first four months, at $5 billion, indicated a more modest gain of 6 per cent. Restated in seasonally adjusted annual projections, the 1960 export rate would be in excess of $18 billion, the import rate around $15 billion—fattening up the trade surplus to some $3 billion, which would be three times higher than the lean 1959 figure.

The export gain was divided almost equally between agricultural and non-agricultural commodities:

- Greatly increased shipments of raw cotton accounted for three-fourths of the advance in agricultural items. At the beginning of the marketing year last August, U.S. cotton export prices were cut to more competitive levels, which helped. There was also an upturn in cotton textile production abroad.
- Capital equipment, industrial materials, and consumer goods (largely finished textiles) all shared in the export sales gains. Shipments of machinery advanced by 12 per cent, with construction and textile machinery, tractors, and electrical equipment leading the climb. Exports of trucks and aircraft also rose moderately, but jet-airliner exports were still far below the rate of shipments scheduled for later this year.
- Reflecting continued expansion of output in Western Europe and Japan, total sales abroad of U.S. industrial materials (excluding fuels) were at a substantially higher rate early this year than last.
- Steep advances appeared in shipments of iron and steel scrap to Japan, Italy, and Germany.
- Aluminum shipments more than doubled in value, partly spurred by increased consumption of aluminum in the United Kingdom, Germany, and other European countries. U.S. producers are having considerable success in their efforts to integrate with foreign fabricators, especially in Britain.
- Exports of copper and of steel mill products were at higher rates.
- Other raw materials and chemicals, naval stores, paper base stocks, sawmill products, and synthetic rubber all scored impressive export gains.

Sparking the increase in sales of Made-in-USA goods abroad, and raising our export market potential, are three interrelated factors:

1. More and more countries are liquidating the restrictions—especially quantitative import controls—that have hampered distribution of U.S. products.
2. Most world channels of commerce and industry, especially in industrialized Western Europe and Japan, are on the economic rebound. These two areas, our keenest competitors for overseas trade today, are also on our "best customer" list.
3. The more important trading zones abroad, especially the Western European countries—and lately even Japan—are shifting to currency convertibility.

The swing to trade liberalization has been going on now for two years and is accelerating in depth and scope. High on the list of easing curbs is the United Kingdom, which virtually eliminated its system of import controls in a series of moves that started in November and terminated in February. France, another important outlet, last year freed more goods from quantitative restrictions than at any time since 1945. By April of this year, France had reduced the gap between the OEEC (Organization for European Economic Cooperation) and dollar liberalization lists to 21 items.

And many other countries have recently taken steps to remove irksome controls on the flow of U.S. goods, among them the Netherlands, Sweden, Denmark, Norway, Germany, Italy, Finland, Austria, Portugal, Spain, Tunisia, Australia, New Zealand, India, the Federation of Rhodesia and Nyasaland, the Union of South Africa, Kenya, Ghana, Nigeria, Malaya, Singapore, Japan, Argentina, Brazil, Chile, Peru, and Uruguay. These have either eliminated discrimination or have reduced it to a small number of commodities.

What does all this mean to us?

- ⇨ *Exports gaining ground as trade restrictions shrink and convertibility expands.*
- ⇨ *European market blocs hope to compromise differences and coordinate tariff cuts.*
- ⇨ *U.S. direct-selling companies start knocking on the doors of overseas customers.*

No. 41 *in a series of washroom survey comments from "SBS soap counselors"*

We showed them how "waterless" skin cleanser cuts wash-up costs!

James J. Hosking

is a SBS soap counselor in the Great Lakes area. A specialist in industrial soaps for several years, he has pinpointed economical solutions to skin hygiene and wash-up problems for many plants. Here's a typical example:

"Workers in this Midwestern chemical plant come in daily contact with hard-to-remove, irritating soils — like carbon, caustic soda, salt brine, alkalines, greases, metal filings and cutting oils. Special clothing and gloves offered only partial protection. We found many workmen scrubbing their hands in harmful solvents . . . and making far too many time-consuming trips to the washrooms. I showed management how easily it can discourage the use of injurious solvents and *pick-up lost production time* by putting our SBS 30 Waterless Skin Cleanser at each worker's fingertips. A pleasant cream, SBS 30 cleans without water, quickly and easily removes stubborn, irritating soils . . . puts an end to many costly trips to washrooms."

Money-saving suggestions like this *begin* with OPERATION PINPOINT—a thought-provoking presentation filled with facts about skin hygiene and washroom maintenance. The SBS soap counselor serving your area can pinpoint the right soap to do every skin cleansing job best and at lowest cost in your plant. Let him show you OPERATION PINPOINT . . . just call your nearest SBS office, collect.

the washword of industry

sugar beet products co.

SAGINAW, MICH. • Los Angeles, Calif. • Newark, N.J.
CANADA: Chemical By-Products, Ltd., Toronto, Ontario

Aside from the immediate benefits to U.S. traders now showing up, there is the long-range forecast of a possible half-billion-dollar increase in our annual shipments to Western Europe alone.

Interestingly, shifts to currency convertibility in trade have paralleled the trend towards easier trade practices. In the closing days of 1958, the six EEC (European Economic Community) countries—Belgium, Luxembourg, France, Italy, Western Germany and the Netherlands—as a bloc, and the United Kingdom on its own, relaxed controls on currency exchange. This cut paperwork and speeded up the transfer of payments on trade commitments. Other European countries and segments of the British Commonwealth followed suit, and the swing to currency convertibility continues today. Only a few months ago, the United Kingdom eased fund transfers for travel. France has announced it is planning to expand its partial convertibility measures, if other European countries will follow its lead.

This is a remarkable endorsement of convertibility, since France has had some walloping foreign trade deficits three months in a row, right through April 1960. Here is the deficit pattern: $9 million in February; $12.6 million in March; $15.2 million in April. But with monetary reserves at more than $2 billion, French fiscal authorities are not unduly worried. They think that the solution lies in beefing up export efforts, and to that end the National Center for Foreign Trade has recently been reorganized.

Still another convert to at least partial convertibility is Japan. For business transactions, the yen is now to be convertible into fourteen other convertible currencies—and Japanese authorities indicate this is just the first step.

Convertibility should result in more trade with more areas, both for the U.S. export trader and his counterparts overseas. An especially important side effect is noted in the first report of the European Monetary Agreement: "Introduction of convertibility for European currency has led to a striking increase in the flow of private capital among the countries involved and across the Atlantic."

Highlights of the report indicate these 1959 trends:

- Direct U.S. investments in Europe rose to a net of $439 million last year,

compared to $173 million in 1958. This amount, which was exclusive of equity investment, went primarily into new plants.

- Newly formed investment trusts specializing in European securities attracted $300 million.
- Foreign purchases of French securities accounted for the greater part of the $340 million net investments in France.
- Foreigners purchased Netherlands securities worth $180 million.
- German securities valued at a net $145 million were sold abroad.

The brightening export picture, however, is not deterring the Administration from its drive to expand U.S. exports (see pages 15 and 51). Commerce Department Secretary Frederick H. Mueller points out that:

1. Even though we are the largest exporting country in the world, we ship abroad only 4 per cent of our GNP, against the much higher ratios of other industrial countries.
2. Export operations are now confined to a relatively small group—usually the larger elements—of U.S. industry, and the exports they generate are insufficient to balance our international accounts.
3. When a serious instead of a casual effort is made to market abroad, the results are significant. U.S. exports take one-fifth of our output of trucks, one-third of our civilian aircraft production, 22 per cent of our machine tool production, 31 per cent of construction and mining equipment output, two-fifths of track-laying tractor production, up to one-half of our cotton and two-fifths of our wheat, and one-fourth of our fats and oils.
4. Expanding markets abroad are also creating fresh export opportunities, since the standard of living overseas is rising and millions of new customers have more new discretionary money in their hands. There is new interest all over the world in industrial products and new plants and equipment.

Actually, the initial and modest Administration objective of a 20 per cent export gain has been attained. But the imponderables of (1) continued huge outlays for foreign aid, (2) the accelerated outflow of direct capital investments abroad, and (3) the expanded travel budget of Americans on overseas jaunts and grand tours can once again pare down trade balance margins to an uncomfortable point. So more, rather than less, em-

there's no business like . . .

THE FAMILY

The business of maintaining the family is the most important — and biggest — of all. For the family maintains all other businesses directly or indirectly.

Beneficial's business is that of helping the family; the vast majority of its loans are made to married people. They are serious, stable, well-rooted in their communities and their record for honoring their obligations is an excellent one. Beneficial helps them with a small loan service that is both dependable and geared to family requirements.

Beneficial Finance System has been doing this for more than 45 years, with an international reputation for superior service.

. . . a BENEFICIAL loan is for a beneficial purpose.

Beneficial Finance Co.

Beneficial Building, Wilmington, Delaware

BENEFICIAL FINANCE SYSTEM

MORE THAN 1,200 OFFICES IN THE UNITED STATES, CANADA AND ENGLAND

phasis on the export expansion program can be expected in the coming months.

Inner Six and Outer Seven

Hard on the heels of its announcement that it was ready to consider joining the EURATOM (European Atomic Energy Community) and a European Coal and Steel Community, the United Kingdom, leader of the Outer Seven—the European Free Trade Association—opened negotiations with the EEC, also known as the Inner Six, or Common Market.

The two trading blocs have agreed that experts on both sides will for the first time be given detailed information on what is going to happen to individual tariffs of the bloc countries during the months ahead. And the Outer Seven—Britain, Sweden, Norway, Denmark, Switzerland, Austria, and Portugal—have won a commitment that the conferees will study the long-term problem of European trade later on. They hope that eventually there will be a system of complete free trade throughout Europe.

For the moment, however, the Inner Six have offered only to study the possibility of having the two trading blocs seek a product-by-product answer when tariff changes occur on their calendars.

Countries outside the two market blocs are not being forgotten in the negotiations. It has been suggested that if tariff reductions are balanced by interbloc agreement, the reductions may be extended—at least in part—to affected countries outside the blocs. Such reductions might parallel those agreed upon at the world-wide GATT tariff bargaining conference to be held this September in Geneva.

No matter how tenuous the conclusions they've reached so far, the discussions themselves mark a long step towards consolidation of the two common-market factions.

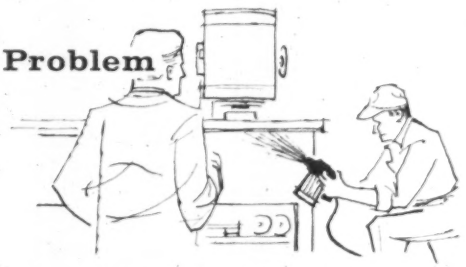
Door-to-Door

Direct-selling companies that handle appliances, housewares, cosmetics, toiletries, floor waxes and brushes, and clothing are now reaching out to knock on the doors of overseas customers. Stanley Home Products, Inc., has door-to-door canvassers in Canada, Mexico, Venezuela, Cuba, and Puerto Rico, and plans to begin efforts in the Common Market shortly. Avon Products, Inc., reports that its company has 10,000 overseas salesmen. Customers in Latin America, Great Britain, and West Germany buy a wide range of cosmetics and toiletries which are priced from 59 cents to $20.

Credit Club

The Commercial Credit Company, second largest independent sales finance company in the U.S., is entering the European installment credit market. It plans to follow somewhat different lines from those announced by the CIT Finance Corp. and the American Express Company overseas combine. The CCC plans to function through a group of finance companies known as the Amstel Club which operates under a system of bilateral agreements in Austria, the Netherlands, West Germany, Sweden, Switzerland, France, Belgium, Italy, Norway, and the United Kingdom. The facilities offered range from commercial export-import credits to retail installment financing. END

Why "Paintenance" is a Management Problem

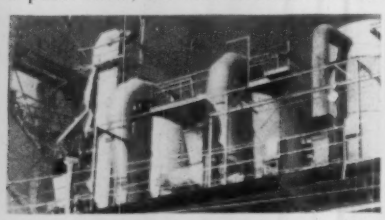


- *Painting is one area where cost savings are often sought, often prove ineffective.*
- *Today's high painting costs can be offset by using longer-lasting silicone paints.*

Needed: Paints That Last

Rising costs have focused management's attention on the need for more economical, efficient, durable protective coatings.

In painting today, labor often costs more than the paint. This is especially true in cases of hard-to-reach spots and equipment that must be shut down to be painted. Thus, the longer a paint lasts, the less it costs to use.



Silicone Paints the Answer

New paints, based on Dow Corning Silicones, fill the bill. While their material cost is higher, silicone coatings resist temperatures up to 1000 F; keep buildings and equipment new looking and rust-free with fewer repaintings. Because of their better resistance to heat, weathering, corrosion, oxidation and chalking, silicone paints last up to 100% longer. Gloss and color retention is excellent; they are available in many colors, too.

Better Product Finishes

Cost savings are just as evident in silicone-based *product* finishes. Especially useful where hard wear and high temperatures are factors, silicone based paints provide longer, more satisfactory service . . . create repeat customers.

When you're looking for ways to bring soaring maintenance costs down to earth, remember the outstanding advantages of paints based on these Dow Corning Silicone resins.

WANT TO SEE THE PROOF?
SEND THIS COUPON TODAY

first in silicones

Dow Corning
CORPORATION
MIDLAND, MICHIGAN

Yes! Send me full data including detailed brochure, "Why Silicone-Based Paints Mean Less Maintenance for You", plus list of suppliers of these paints. Dept. 2608

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Company

Address

City Zone State

LINK WYOMING'S RICH RESOURCES TO YOUR GROWTH PLANS with our low-cost rail service!

Find out about Wyoming's resources from North Western's specialists

The horizons of your dreams for business expansion may well be in the great state of Wyoming. Here are rich resources that are rapidly moving into the vision of America's forward-looking business men. Here are raw materials that expanding companies can turn into wealth: livestock, timber, petroleum, and minerals such as coal, bentonite, iron, phosphate and uranium.

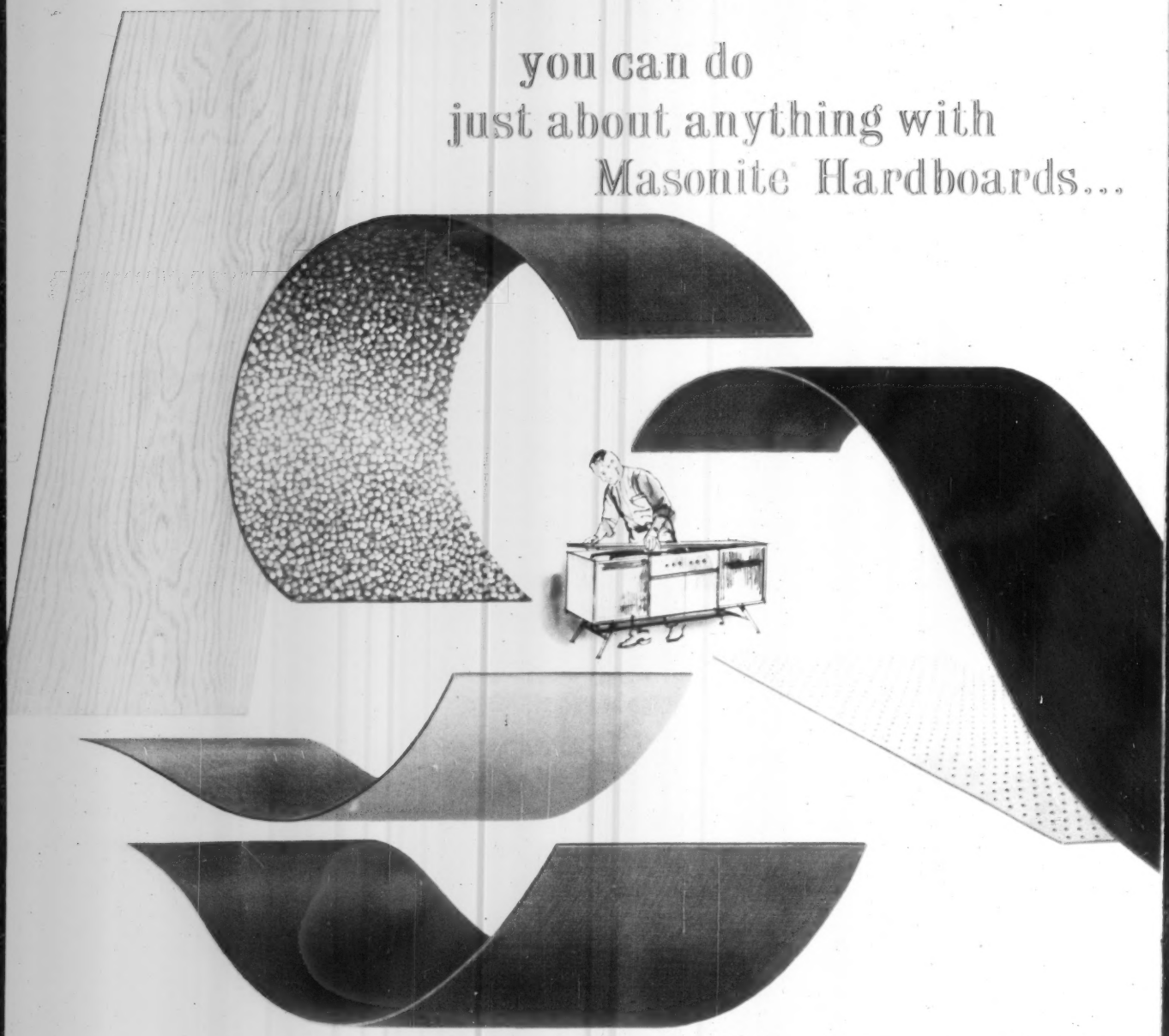
You don't have to hire specialists to get a complete marketing run-down on any of Wyoming's rich resources. North Western's experts —agriculturists, geologists, foresters, development specialists — will work with you, supply detailed studies and reports. This is a free service from the railroad that will link Wyoming's rich resources to your growth plans at the lowest cost.

Find out how Wyoming can be an exciting new horizon for you. Call, wire or write: *W. A. Kluender, Director, Agricultural and Resource Development Dept., Chicago and North Western Railway, 400 W. Madison, Chicago 6, Illinois. Phone: DEarborn 2-2121.*

CHICAGO AND **NORTH WESTERN** RAILWAY

Volume Transportation At Lowest Cost

you can do just about anything with Masonite Hardboards...



for example Masonite offers you a complete choice of thicknesses, densities, textures and patterns; wonderful workability; a smooth surface that takes and holds any kind of applied finish, from chalkboard to silk screen. And Masonite makes available to you walnut and cherry wood-grained panels in a wide variety of sizes.

in fact Masonite provides three popular finishes: save-a-step Primecote, rich wood grains, and fabricator finishing...plus two exclusive new features for do-it-yourself customers: (1) the Nu-Seal process—a clear, nonglossy finish that makes for smooth, even, permanent finishing in your own plant; (2) drum sanding—exact calibration that means the precise board thickness you want. Edge-to-edge and top-to-bottom uniformity means quick receptiveness to your finishing operations.

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Dept. 2-1, Box 777, Chicago 90, Illinois

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City *State*

Zone *County*

® Masonite Corporation—manufacturer of quality panel products for building and industry

Primecote is a registered trade mark of Masonite Corporation.

EXECUTIVE BOOKSHELF

Brief Reviews of New Business Books

What Makes Them Tick

PEOPLE, PROBLEMS, AND PROFITS *by Saul W. Gellerman. McGraw-Hill Book Company, 330 West 42nd St., New York 36. 254 pages, $5.95.*

An industrial psychologist gives an insider's analysis of what the concepts and techniques of that relatively new science can—and cannot—do for management. His ideas are fresh, his style is readable, his approach down-to-earth.

Updating the Sales Pitch

SALESMANSHIP: MODERN VIEWPOINTS ON PERSONAL COMMUNICATIONS *edited by Steven J. Shaw and Joseph W. Thompson. Henry Holt and Company, Inc., 383 Madison Ave., New York 17. 419 pages, $5.75.*

Sales experts stress "two-way communication" between customer and salesman in 72 articles that cover a wide range, from the use of status symbols to new direct-selling methods.

Gage for Investments

THE CAPITAL BUDGETING DECISION *by Harold Bierman, Jr., and Seymour Smidt. The Macmillan Company, 60 Fifth Ave., New York 11. 246 pages, $6.*

An analysis that comes out four-square for the "present-value" method of measuring investment possibilities and tells how to put it to best use. Sample situations and tables are included.

Perils and Possibilities

STATES, CONTRACTS AND PROGRESS *by Harold M. Fleming. Oceana Publications, Inc., 80 Fourth Ave., New York 3. 128 pages, $3.50 ($1.50 paperback).*

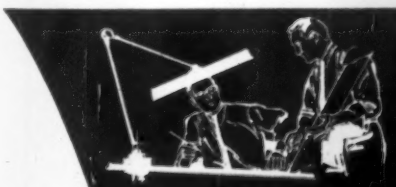
The theme of this small book is the need for increasing respect for international law in order to protect foreign investments. It is crammed full of facts on such problems as nationalization and definitions of sovereignty that give pause to the cautious and keep needed capital from underdeveloped lands.

Whetting Their Appetites

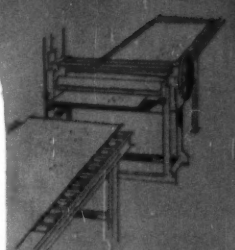
HANDBOOK OF SUCCESSFUL SALES MEETINGS *by Bill N. Newman. Prentice-Hall, Inc., 70 Fifth Ave., New York 11. 208 pages, $6.50.*

Ideas, checklists, and outlines that should rouse the enthusiasm of sales managers who want to do a little enthusiasm-rousing themselves.

...and your fabricator will help you in all these ways:



ENGINEERING
Your Masonite fabricator helps fit the product to your picture. Wherever you now use wood or metal, he'll point the way to savings on material and tooling.



FABRICATING
Your Masonite fabricator has complete facilities for die-cutting, punching, cutting, routing, forming. He provides any number of finishes (including wood-graining) and laminates—even partial assembly!

WAREHOUSING
No inventory problems. Your Masonite fabricator will deliver ready-for-use parts in any number your job requires—once a week, once a month, you name it. To save production space, as well as manufacturing and assembling time, contact the nearest address below.

2352 Glendale—Milford Rd., Cincinnati, Ohio
600 Progress St., Elizabeth, N. J.
1577 Rio Vista Ave., Los Angeles, Calif.
500 Carolina Ave., Thomasville, N. C.

MASONITE® FABRICATORS

® Masonite Corporation—manufacturer of quality panel products for building and industry

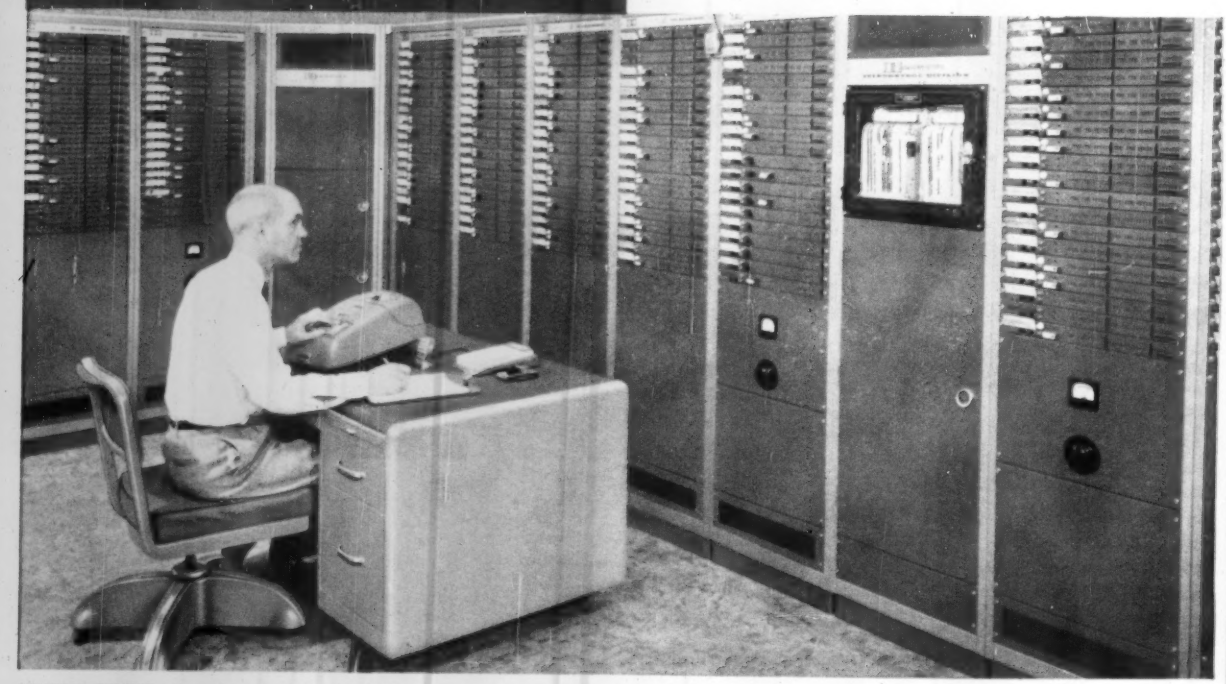
A NEW METHOD OF FACTORY MANAGEMENT WITH TOTAL PRODUCTION CONTROL . . .

TELECONTROL*

co-ordinates men, materials and machines for maximum efficiency, lowest cost operation!

Telecontrol is industry's only complete production control equipment—provides an up-to-the-minute 'picture' of over-all production—what is happening, what has happened . . . what is being produced and what has been produced—*at each and every work station throughout the plant.* Informational literature available on request, but for complete coverage of its many management benefits . . .

ASK FOR A DEMONSTRATION!



CONTROL CENTER—Here at one central point, Telecontrol provides positive control of time, output, work and material flow, machine and manpower utilization—from inventory to payroll.

*Trade Mark—Patents Applied For

HANCOCK

TELECONTROL DIVISION

HANCOCK INDUSTRIES, INC. • JACKSON, MICHIGAN

Sales & Distribution

Scale models that actually work step up the pace in industrial selling.

New survey of that postwar phenomenon—the shopping center shopper.

Miniatures Make Sales

Companies that sell to industry in today's fast-paced market are learning that it takes something extra to flag the attention of the busy buyer. Offering a purchasing agent just a handful of literature and a headful of facts about a product he hasn't seen will often get the salesman little more than a token interview.

Companies have come up with portable movie projection units for desktop viewing, elaborate flipboards, and other devices to visualize the product itself.

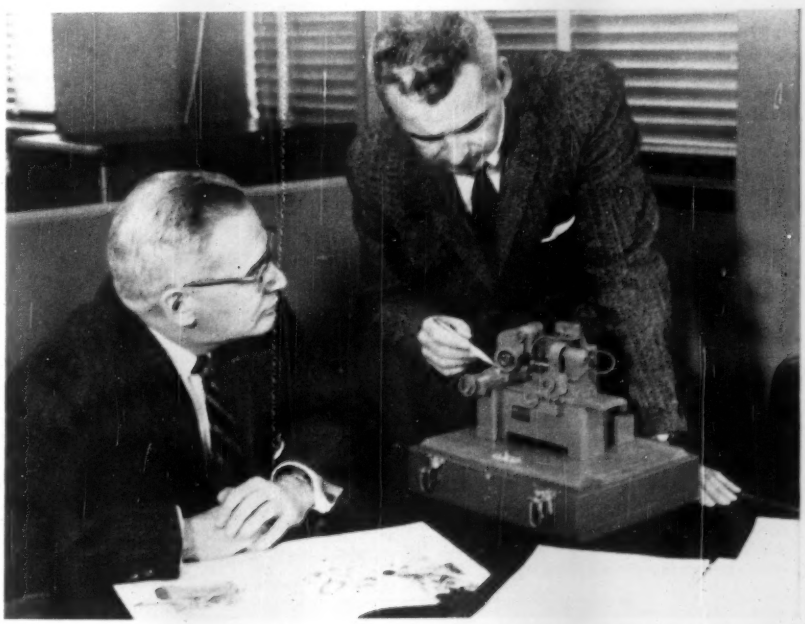
Now the Heald Machine Company of Worcester, Mass., has taken a further step in that direction: It provides its salesmen with authentic scale models of the machine tools they go out to sell—and the battery-powered models actually work.

Salesmen report that even the busiest prospects will make time available to watch the Lilliputian machines go through their paces. A grudgingly granted "five-minute interview" tends to stretch out considerably, and the prospect, instead of just accepting Heald literature for future reference, may even call in engineering and production people to enjoy the fun.

Since customers get a complete look at the machine in operation, they frequently feel that a visit to the Heald plant for a large-scale demonstration is unnecessary. With the sound and motion of the machine in operation on his desk, the customer can almost see the sparks fly in his own plant.

Precision-made of plastic and aluminum and painted in standard machine-tool colors, the models come complete with etched nameplates and model identification. The company finds that its investment in the miniatures (the universal grinder shown below cost $900) is more than justified, since they:

- Open doors
- Invite demonstration
- Attract to one spot key people who otherwise would have to be sold individually



A SALESMAN POINTS *out the operations that can be performed on a universal grinder while the wheel spindle turns at 9,000 rpm on this battery-powered scale model. Capable of grinding miniature parts, the model—a highly effective sales aid—has all the features of the full-scale machine (see story). Salesmen have been instructed in new techniques that complement the model's own "pull."*

WE CAN FINANCE

this outstanding investment opportunity!

Own your own Licensed unattended coin-operated

Westinghouse Laundromat®

Half-Hour Laundry Store

Laundromat stores give millions of Americans a time-saving, modern way of doing laundry . . . while SAVING 50%. Investors, business and professional people net unusually high returns by operating these necessity-of-life stores.

Q What are the advantages of owning a Westinghouse Laundromat laundry store?

A You are investing in one of the fastest-growing industries in the country and will enjoy a substantial second income. Because all equipment is coin-metered, customers do-it-themselves and no attendants are necessary. You have no labor problems or inventories. Many stores operate 24 hours a day, 7 days a week . . . bringing you profits while you sleep!

Q How much time must be devoted to successfully operate a laundry store?

A This is a spare time business . . . a few hours each week is ample. Service can be contracted out to an independent Authorized ALD Serviceman. Laundry stores are ideal for chain operation and/or absentee ownership.

Q What are chances of success without previous experience?

A ALD has planned over 10,000 profitable Laundromat laundry stores throughout the country . . . successfully owned and operated by doctors, lawyers, teachers, businessmen and white collar workers who enjoy complete financial security. You need no previous experience. Our complete program has proven itself over and over again . . . will make good business sense to you. It includes assistance in locating, store planning, training and promotion. Our staff of over 500 field experts gives you continuing help and advice on installation, advertising and management.

Q What about tax deductions?

A Accelerated depreciation schedules permit rapid accrual of equity . . . offer attractive tax deductions and sales for capital gains. Here is a business tailor-made for the actively-employed businessman, sales executive and investor or for those seeking recession-proof retirement income.

Pride yourself on good business sense? Compare the profit potential, leadership and consumer preference for the Licensed Westinghouse Laundromat Store.

© ALD, Inc. 1960

For information, wire, call or write:

ALD, Inc.

7049 N. Western Ave., Chicago 45

OFFICES IN 49 PRINCIPAL CITIES

ALD CANADA, Ltd., 54 Advance Rd., Toronto

ANOTHER INVASION *of a market that has long been dominated by electric power—the outdoor advertising sign—is symbolized by this gas-powered installation which the Arkla Air Conditioning Corp., Little Rock, Ark., calls the first of its kind. In recent months, gas has been making inroads on electric lighting in several areas.*

- Demonstrate operating features in three dimensions
- Stir customer questions as catalogs and literature seldom can
- Prolong interviews so that the full sales story can be put across
- And—most important of all—sell machines.

Here's what the company considers a typical case history of a Heald interview:

The plant superintendent on whom a salesman had called warned him that he could spare only a minute or two because of an unusually heavy schedule. Then the salesman put a model to work on the prospect's desk and began to describe the machine's features. The superintendent got interested, called in his chief engineer and two other men, and before anyone noticed the time, the sales call had lasted one hour and a half—right through lunch. Within a month, Heald had received an order for two universal grinders.

Despite such impressive results, the company is careful to point out to its salesmen that the models are only tools, and as such are helpful only if used properly.

Heald has also revamped its selling instructions, since the traditional interviewing pattern doesn't allow salesmen to take full advantage of the models' own "selling power." Heald salesmen are now advised:

- Keep the prospect in suspense a little while. Don't start operating the model right away. Even when it's not running, it is so realistic that it will catch his attention.
- Invite the prospect to start the model. This gets him involved in the demonstration himself.
- Let the miniature machine run on for a few minutes. It's plenty noisy—but the racket itself will very likely impress the prospect.
- Relate its features to the full-size machine. Be careful not to focus the entire sales call on the model alone.
- Hand out sales literature, which is still a must. And be sure to have extra copies on hand for other people who drop in to see the model at work.

The company also provides salesmen with non-working models of various types of machine tools in 1 50 scale. These they put together in different combinations to show the customer how he can arrange the full-size machines in his shop to get the most efficient production.

Spotlight on Suburbia

Manufacturers of consumer goods ranging from adhesives to zithers have discovered that their fastest growing market is the suburban shopping center. One of them, the Minnesota Mining and Manufacturing Company, St. Paul (which is also a major manufacturer of commercial and industrial products), has just released a detailed survey of a typical batch of shoppers who trek through the sprawling emporia of the suburbs.

Conducted by the National Advertising Company, a 3M subsidiary, the survey covered 5,000 customers in three types of shopping centers—the regional, the community, and the neighborhood center. About 95 per cent of the people within a 10-minute zone of travel patronize all three types, the survey revealed, although the largest—the regional center—has a stronger pulling power over a wider area.

Says vice-president Walter S. Meyer

BUS-BACK: *Now running between Joplin, Mo., and Harrison, Ark., this 1½-ton semi-trailer hitched to the rear of a bus is the first of many which Railway Express plans to use to speed line-haul service for express shipments.*

USING VOICE RECORDERS, *the inventory crew of the Stop & Shop supermarket chain can complete a store inventory in half the time normally required. In addition, use of the recorders, which are produced by Dictaphone Corp., does away with inconvenience to customers in the store aisles. Previously, one man rolled a table with a calculator trailing a long wire, while another called out the items and quantities in stock.*

of the National Advertising Company: "Higher income, better education, and younger age, among other factors revealed by the survey, give a valuable indicator as to the kind of merchandise and types of promotions that will most appeal to the groups using shopping centers."

Here are some of the highlights of the new survey:

- Of the shoppers questioned, 74 per cent relied on the shopping centers for purchases of food, 49 per cent for drugs, 54 per cent for clothing purchases, and 45 per cent for shoes. Thirty-seven per cent bought their appliances in shopping centers, and 23 per cent purchased furniture there.
- Only 4 per cent of the shoppers complained that the selections offered by the center stores were too narrow.
- The median income of families using the centers is $8,235, compared to the national figure of $5,300.
- The average center shopper is 37.3 years old, as against 47.5 years for the shopper who doesn't patronize the centers; 85 per cent of all the shoppers are 13 years or older.
- The average car entering a shopping center carries 2.4 people.
- There are more passengers per car during night shopping hours, and they take about 75 per cent more time to shop than the daytime customers do. Surprisingly, nearly a third of the centers' volume came from sales after 6 p.m.

—T.K.

How to influence management decisions

Dominant, continuous advertising to management in DUN'S REVIEW and Modern Industry is the effective . . . selective . . . economical way to influence business decisions. Here your dollars buy frequent, impressive advertising which is read by important executives when they are thinking about business and most responsive to business advertising. And this advertising reaches men your salesmen often can't reach.

This is the reason advertisers are placing more pages in DUN'S REVIEW, the business management magazine. They have found it the place to influence the decisions of men who have the interest and authority to act.

The following facts show clearly how DUN'S REVIEW and Modern Industry can help your advertising dollars work harder by providing concentration and dominance on the major decision-makers at the heart of America's industrial and business market.

1. THE RIGHT EDITORIAL ATMOSPHERE

Business advertising has the best chance of being seen and acted upon when prospects are reading and thinking about business.

DUN'S REVIEW stimulates reader interest in modernization and improvement in all phases of business operations: production, development, sales and distribution, employer relations, finance, and executive methods. Authority of editorial coverage establishes a highly receptive atmosphere for product and corporate advertising.

2. READERSHIP IN THE RIGHT PLACES

DUN'S REVIEW concentrates advertising on your best prospects.

- 55 per cent of the readers are in Manufacturing or other Industry.
- 39 per cent of the readers are in Distribution, Finance, and Service.
- Over half of the companies reached do $1,000,000 or more in sales annually.
- Circulation includes eight out of every ten manufacturers worth $1,000,000 or more.

3. CIRCULATION AMONG THE RIGHT PEOPLE

The circulation of DUN'S REVIEW represents an unmatched audience for those who sell products or services to business and industry.

- 50,000 readers are Presidents.
- Over 84,000 readers are in top management.
- 70% of the readers have the title of General Manager or higher.
- Pass along readership boosts total audience to 300,000 management people.

4. THE RIGHT PROGRAM COSTS

DUN'S REVIEW is the perfect complement to sound trade advertising. Little difference exists today in the cost of good trade paper advertising and management advertising in DUN'S REVIEW—yet how much more useful circulation DUN'S REVIEW can add to advertising programs!

DUN'S REVIEW also provides economical coverage of top management without the prohibitive cost of broad circulation news-weeklies. Management advertising is strictly on its target in the pages of DUN'S REVIEW.

Impressive advertising programs possible in DUN'S REVIEW will get results . . . economically.

5. THE RIGHT VALUES FOR CORPORATE-FINANCIAL ADVERTISING

DUN'S REVIEW readers have an average income of $27,015 placing them among the very best prospects for personal investment. 75 per cent of them own stocks and/or bonds.

Corporate pension plans are accumulating potential investment money in the "billions" every year. 42 per cent of the companies reached by DUN'S REVIEW have pension plans whose funds represent a major reservoir of investment dollars. 63 per cent of the readers have a voice in company investment policy.

Institutions represent a major investment factor. 45 per cent of DUN'S REVIEW readers are members of the governing bodies of schools, hospitals, churches or community government.

Banks, Finance, and Insurance companies are prime objectives for the Corporate-Financial advertiser. Over 7,000 DUN'S REVIEW readers are key management people in these firms.

To influence a business decision, tell the decision-makers who read

AUDITED PAID CIRCULATION ABC

DUN'S REVIEW
AND MODERN INDUSTRY

the magazine of Presidents . . . and men who are going to be!

YOU

CAN ANALYZE YOUR

BUSINESS CARD

FREE KIT TELLS YOU HOW!

Does your business card represent your company effectively?

It costs little or nothing more to buy business cards that are scientifically designed to build prestige, create a favorable impression of your company and promote sales.

This helpful card kit shows you how to test your business card and rate its effectiveness . . . how to overcome its faults. Here's all you have to do:

1. Write on the back of your card how many you use a year.
2. Send us your card.

Absolutely no obligation. Write for free copy today.

R.O.H. **HILL** INC.

270—D27 LAFAYETTE STREET

NEW YORK 12, N. Y.

R. O. H. HILL, INC. . . FOR THE FINEST IMPRESSION

weigh the modern way! cut your costs!

use a

HYDROSCALE

ON YOUR CRANE HOOK

ALL WEIGHING IS DONE ON YOUR CRANE HOOK

OUTMODES COSTLY CENTRAL WEIGHING STATION

COMPLETE LINE OF 110 MODELS NOW AVAILABLE

TYPICAL WEIGHING APPLICATIONS

Just a few of the many applications include—loading, unloading, batching, check weighing, foundry charging, production control, process control, checking inventory, and, protecting your equipment from overloading.

SAVE FLOOR SPACE!

SAVE MONEY!

SAVE TIME!

HYDROSCALES *guaranteed*—

to be free of defects in workmanship and materials, and accurate to ½ of 1% of the maximum dial capacity.

Write for descriptive literature explaining model features.

HYDROWAY SCALES, INC.

31286 Stephenson Hwy. • Royal Oak, Mich.

"The world's largest producer of crane scales"

State Tax Bite: The Biggest Yet

- *How much do the states collect from you in direct and indirect taxes?*
- *Here are the facts business men should know on the levies that go up each year*

STATE taxes reached a record high last year and will be higher yet in 1960. That's the same dismal tune business men have been hearing for decades, except that now the words are different: they're worse.

Total state collections hit a peak of $15.8 billion in fiscal 1959, nearly a billion more than in 1958. Using the familiar rule of thumb that local taxes roughly equal state collections, you can estimate that the combined state-local harvest last year ran over $31 billion.

Every man, woman, and child in the country is now paying an average of $91.70 a year in state taxes, estimates the Commerce Clearing House, national reporting authority on tax and business law. The figure is more than 50 per cent higher than it was a decade ago, CCH points out. But as always, the tax burden is spread unequally throughout the nation, ranging from a high of $150 in Delaware to a low of $56 in Nebraska.

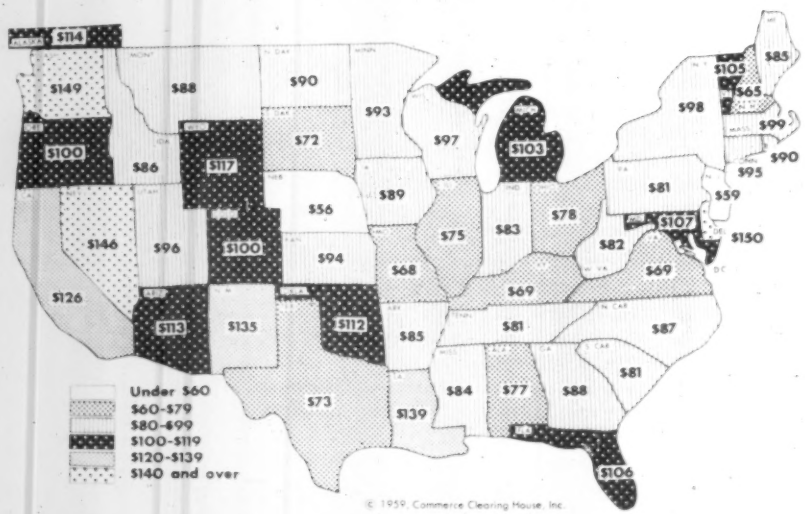
Apparently, geography has little to do with the pattern of taxation. High-tax Vermont ($105 per capita) touches low-tax New Hampshire ($65 per capita), and the state of Washington ($149 per capita) borders on Idaho ($86 per capita).

The sales tax is still the most lucrative collection device. In fiscal 1959, total state revenues from sales taxes hit a record $3.7 billion, almost one-quarter of all the money the states took in. Some 33 states now levy a sales tax, and for 29 of them it is the juiciest single source of revenue.

Thirteen other states got most of their revenue from income taxes, four depended mostly on gasoline taxes.

Corporation income taxes crossed the billion-dollar mark for the first time in history last year. That represents a 50-per-cent increase since 1955 alone. But paying corporate taxes is not the only state tax problem business faces. Last year six more states passed laws requiring com-

1959 State Taxes per Capita



© 1959, Commerce Clearing House, Inc.

panies to collect the income taxes levied on their employees.

The states are also tightening up on the collection of use taxes by companies that sell across state lines. It's long been established that an out-of-state company pays use taxes if it sends salesmen in to solicit orders. Just last March, the U.S. Supreme Court ruled that a state can collect from an out-of-state company selling through independent brokers who are not employees. As the picture now stands, any aggressive sales, advertising, or promotion campaign in another state may mean the company has to collect use taxes on its sales there.

This year's tax collections are sure to top those of 1959 by a wide margin. During 1959 all 50 state legislatures met in an almost unseemly treasure hunt for new tax dollars.

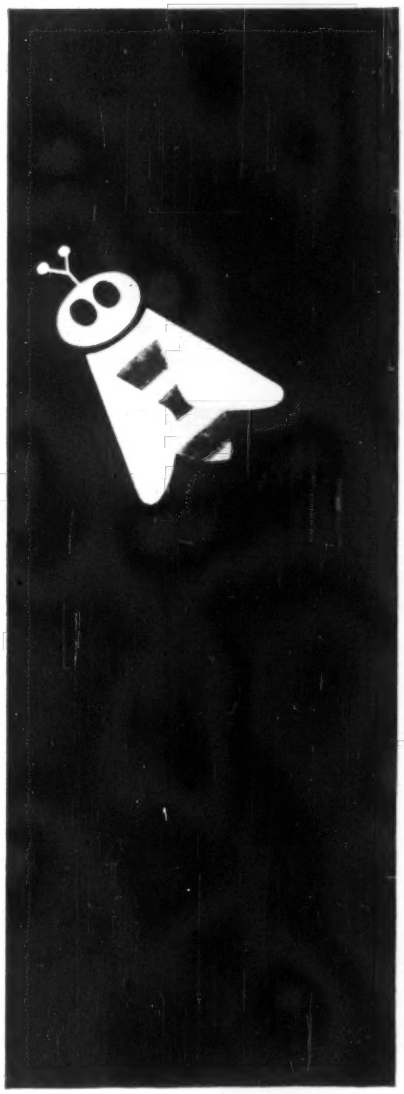
Sales taxes were increased in five states last year: Alabama, Arizona, Illinois, Pennsylvania, and Washington. Pennsylvania, which hit twice, raising its sales tax rate first to 3½ per cent and then to 4 per cent, now shares with Washington State the distinction of having the highest sales rate in the nation.

More than a quarter of the states boosted their rates on cigarettes and tobacco products. New Hampshire, New York, Ohio, and West Virginia raised gasoline tax rates. Income tax rates went up in eleven states, business and occupation taxes in four.

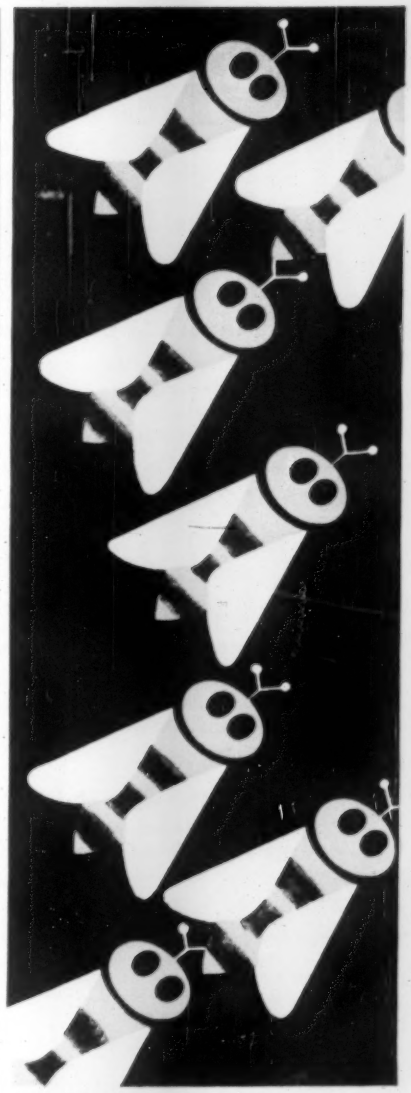
No stone unturned

In the last year's search for new tax sources, hardly anything was overlooked. New Jersey enacted a tax on the sale of asparagus within the state, North Dakota raised its minimum potato inspection fee, and South Carolina raised the tax on soda fountain syrup. Gambling levies were upped in twelve states, and liquor taxes were raised in seventeen. Oklahoma went wet for the first time in its history last year—and enacted a whole new set of taxes on legal liquor.

As the number and type of state taxes multiply, so does the paperwork required to comply with them. It's been estimated that a national chain store organization, operating in all states, must pay or collect at least 231 separate taxes during the year. And it may be required to file more than 1,000 separate tax and information forms. —MELVIN J. GOLDBERG



SURPRISINGLY not all companies in this country use National Vulcanized Fibre in their products.



ONLY about nine-tenths of the sales-minded, cost-conscious manufacturers of electrical apparatus, electronic components and equipment, automobiles, instruments and appliances . . . to name a few.

Why? Because vulcanized fibre is a unique plastic with a combination of money-saving, product-improving properties that no other material has been able to match in 101 years.

The facts about National Vulcanized Fibre would probably surprise you. Why not write for them.

If you can't use information on vulcanized fibre, ask about our Phenolite® Laminated Plastics, Kennett Materials Handling Receptacles, Lestershire Bobbins, or Parsons Fine Papers . . . more products made better by National research.

NATIONAL VULCANIZED FIBRE CO.
WILMINGTON 99, DELAWARE
In Canada:
NATIONAL FIBRE COMPANY OF CANADA, LTD., Toronto 3, Ontario

DUN'S REVIEW AND MODERN INDUSTRY REPRINTS

Reader interest has shown the great value of Dun's Review articles to efficient operations. A limited supply of reprints is now available. Use them for reference copies, distribute them to your department managers. These reprints will prove a valuable tool.

Only 30¢ each

Industry's Plant: Big Changes Ahead

Q-101 This *Special Report to Management* reports on the latest trends and developments in plant design and modernization, along with a special report on state incentives to newly located companies. 30¢ each.

Transportation Dilemma: The Way Out

Q-102 This *Special Report to Management* takes a long, hard look at one of industry's biggest problems with special emphasis on management's own shortsightedness, fighting city traffic jams, featherbedding in shipping. 30¢ each, *available June 20.*

Only 20¢ each

The Myth of Communications

Q-103 Clarence B. Randall, former president of Inland Steel Company, writes of the "folklore of management," beginning with the misunderstood role and importance of communications inside and outside the company. 20¢ each.

The Myth of the Organization Chart

Q-104 In this article, Mr. Randall points out why your company will paralyze itself if organization charts take precedence over the realities of personal relationships. 20¢ each.

The Next Decade in Management

Q-105 Peter F. Drucker, who knows business and executives thoroughly, discusses the changing role of management in the 1960's and outlines the manager's role by 1970. 20¢ each.

Industry's War on Wear

Q-106 Battling machine wear is no longer the exclusive province of the lowly grease monkey. Today, to protect its investment in costlier equipment, top management is getting into the maintenance act. 20¢ each.

Undeveloped Gold Mines in Purchasing

Q-107 Progressive companies are exploiting some effective—though often neglected—ways of reducing procurement costs and taking advantage of the profit potentials in purchasing. 20¢ each.

Needed: Better Business Ambassadors

Q-108 The man sent overseas by his company has a greater responsibility than just doing his job well. He is also a representative of his country. Careless men can harm company prestige and profits. 20¢ each.

Your Stake in the Materials Revolution

Q-109 Plastics caused a manufacturing and marketing revolution that hasn't yet stopped. Other new materials promise to do the same. This report spotlights the materials that can change your future. 20¢ each.

How to Pick Better Front-Line Managers

Q-110 What kind of man makes the best first-line supervisor? This report brings you information on what the latest studies show: put a bigger field of candidates over tougher hurdles. 20¢ each.

American Can Finds a Way to Boost Profits

Q-111 William Stolk, president of American Can, tells how his company increased its profit figures through the means of revising its entire pricing schedule—downward in many cases. 20¢ each.

Era of the Dishonest Dollar

Q-112 Employee cheating and theft costs industry almost a billion dollars a year. Here are some of the more ingenious methods men devise to steal—and the methods companies are using to fight back. 20¢ each.

What Industry's Leaders Think of Advertising

Q-113 The Presidents' Panel—more than 165 top executives of America's leading companies—reports on their role and policies in planning corporate and product advertising campaigns. 20¢ each.

Politics: Business Tries Its Hand

Q-114 Can business remain aloof as political forces threaten its interests and freedom of operations? Here's how many companies are fighting back with hard-hitting political action programs. 20¢ each.

DUN'S REVIEW and Modern Industry, Readers' Service Dept., 99 Church St., New York 8, N.Y.

Please send me the following reprints in the quantities shown. Payment is enclosed.

30¢ each: ____ Q-101 ____ Q-102

20¢ each: ____ Q-103 ____ Q-104 ____ Q-105
____ Q-106 ____ Q-107 ____ Q-108
____ Q-109 ____ Q-110 ____ Q-111
____ Q-112 ____ Q-113 ____ Q-114

Send to:

Name _____

Company _____

Address _____

City _____ Zone _____ State _____

Write for discount prices on quantities of 100 or more

Ideas at Work

✓ *Mounds of records find a place*

✓ *Putting the company on paper*

✓ *Work for the retired*

File It Away!

A NEW *kind of "file clerk" lifts storage cabinet full of papers in the warehouse of Esso's Baton Rouge Refinery.*

The Baton Rouge Refinery of the Esso Standard Division of Humble Oil has found a simple, inexpensive answer to a mounting problem: finding storage which offers easy access to the myriad records that so many large, diversified corporations must keep in today's complex business world.

First step for the big refinery's Files and Records Storage Committee was to spell out the shortest possible retention periods (see DUN'S REVIEW, July 1960, page 73) and destroy some 120,000 pounds of old records and files.

The remaining records were consolidated in the main storehouse of the refinery, put in special cabinets and files on pallets, and stacked to the ceiling.

Records kept in book form are placed in specially designed four-sided wooden cabinets, made to fit on a pallet. Loose letter- or legal-size papers are stored in Bankers Box cardboard files with steel sideplates and stackers. A set of 24 files—full weight about 2,000 pounds—fits on one pallet, and anyone who needs the files for reference orders them by pallet number in a small office adjoining the storerooms.

The records are delivered quickly and efficiently by fork-lift trucks that are always on duty in the big warehouse.

Capabilities on Demand

How does a multi-plant, highly diversified company keep tabs on all its assets—the facilities, skills, equipment, products, and capabilities it can offer potential customers?

In 1954, ACF Industries, Inc., originally a railroad car manufacturer, started expanding, merging, and diversifying. It now owns 12 manufacturing plants and five service plants. Production ranges from recreation equipment to nucleonics.

But as the corporation grew, it found contract bidding, general marketing, and interdivisional purchases were being complicated by the lack of coordinated information about the company itself. Advertising and public relations campaigns had become harder to plan. Marketing and purchasing men—even new members of top management—just couldn't keep up with their own fast-changing organization.

That was two years ago. Now when a contract is being let and ACF wants to know if it can handle it, an executive opens one of two loose-leaf notebooks that total about 350 pages. There, in the company *Technical and Manufacturing Survey*, are listed all the different kinds of machines ACF owns—along with the number of research chemists, for instance, in every division, the patents the company holds, and even the work each division did in the past but has now aban-

"What's so bad about basing the ad budget on last year's shipments?"

Management men, seeking a reliable guide to advertising appropriations, often settle on a percentage of sales. The following commentary on this practice was written by A. J. Bergfeld, President of the internationally known management consultant firm of Stevenson, Jordan & Harrison, Inc.

"Past practices of your own or of your competitors will produce no magic ratios by which you can either judge or budget the right amount of advertising automatically as a percentage of past sales.

"Plans for increasing sales volume, sales revenue and resulting profits by product and by territory or by divisions, can better be analyzed and approved by considering advertising as a programmed cost to be associated with specific profit plans and to be measured against specific results.

"Programming advertising costs as a measured, reasoned and integrated part of a future profit plan usually results in a better plan and better actual future profits."

AIA

ASSOCIATION OF INDUSTRIAL ADVERTISERS

271 madison avenue • new york 16, n. y. • telephone murray hill 5-8921

An organization of over 4000 members engaged in the advertising and marketing of industrial products, with local chapters in ALBANY, BALTIMORE, BOSTON, BUFFALO, CHICAGO, CLEVELAND, COLUMBUS, DALLAS, DENVER, DETROIT, HAMILTON, ONT., HARTFORD, HOUSTON, INDIANAPOLIS, LOS ANGELES, MILWAUKEE, MINNEAPOLIS, MONTREAL, QUE., NEWARK, NEW YORK, PHILADELPHIA, PHOENIX, PITTSBURGH, PORTLAND, ROCHESTER, ST. LOUIS, SAN FRANCISCO, TORONTO, ONT., TULSA, YOUNGSTOWN.

doned (a new twist to an old production process may offer a possibility for increased sales).

It took Robert W. Montgomery, an engineer on the staff of the marketing department, six months of work with division heads to compile the inventory, which is updated every quarter.

Nine major sections, each broken down by divisions, cover the entire company. They give: an analysis of corporate skills; manufacturing and engineering strengths and limitations; a breakdown of management, engineering, scientific, and technical personnel; buildings and land, machinery and equipment; inspection, test, and laboratory facilities; products, services, and patents. One section is devoted to the outstanding points of each division.

With the survey in hand, purchasing men can coordinate inter-divisional buying, marketing men can take a broader approach to contracts. The inventory provides a quick answer to any customers' inquiry about products or services, and it has also been used in setting up a company research group.

But its most important function, reports Montgomery, is as "a source document of company technical and manufacturing capabilities." The imaginative use of such a well-organized guide opens the door to more business for every division.

Retiring to Work

The lathe operator may dream of the garden he'll gaze at when he hits 65. The welder may plan just to doze in the sun when he's on pension instead of paycheck—but the Royal McBee Corp. of Hartford Conn. has discovered that many retirees find their rocking-chair existence something they neither want nor can afford.

After long years of service, notes Ronald G. Foster, the typewriter company's training specialist, active skilled workers want to stay active and to use their skills.

To help them, the company last February joined with half a dozen of its retirees in setting up a new organization, Senior Typewriter Repair. Incorporation is still "in process." The new outfit is being organized as a mutual company with its employees owning all the stock, and Royal McBee has loaned it tools and rented it space. The corporation is also giving free typewriter repair training to interested workers who are approaching retirement.

Arrangements have been worked out to avoid a conflict with Royal McBee's own service department. Foster notes that so far the new organization is deferring earnings and investing in advertisements that will bring in more repair business.

On Their Honor

The British pharmaceutical company of Aspro-Nicholas has actually cut the lateness rate among its 700 employees by putting them on their honor. Under the tonic effect of the new system (which a number of American companies have also found effective), tardiness dropped from 2 per cent to a highly satisfactory 0.6 per cent.

H. E. Creedon, personnel manager of the company, which is located in southern England, thought the time clocks made an outmoded distinction between workers who had to punch them and exempt employees. As an experiment, Aspro-Nicholas eliminated them. Reports Creedon: "When the clocks were in use, all the employees worried about was getting through the gate on time. Now they feel responsible for actually getting to *work* on schedule."

In-Plant Loan Office

The Garrett Corp. of Los Angeles has proved out a new idea in fringe benefits that helps its employees get loans when they need them. And it also has eliminated the company's problem of how to deal with requests for salary advances and garnishments on pay.

The big aircraft and related parts manufacturer got the local banks' cooperation in starting an in-plant service for employees who need personal, auto, and home improvement loans. All transactions are kept confidential, even though repayment is made through payroll deductions.

Garrett has a loan manager and assistant in Los Angeles and a loan administrator at its Phoenix plant. They forward applications, verify salaries, and disburse funds. The banks which make all credit decisions, have so far granted 95 per cent of all loan requests.

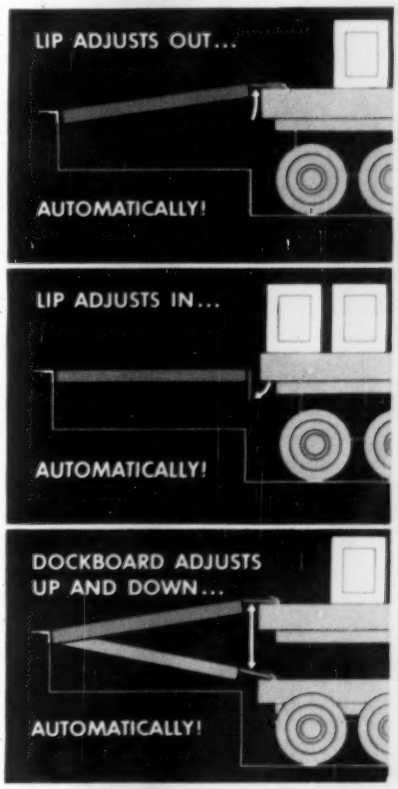
Garrett says the system has reduced involvement in its workers' financial difficulties and that employees consider it a valuable fringe. —J.R.M.

Dock Operating Efficiency Begins With KELLEY ADJUST-A-LIP DOCKBOARDS

You save labor, time and operating costs with Adjust-A-Lip Dockboards — and eliminate the safety hazards of loose dock plates. Installation is permanent . . . its performance automatic.

Adjust-A-Lip retracts behind dock bumpers thus preventing damage to end loads, truck bodies. Now carriers can be spotted day or night . . . with no chance to activate dock board and damage overhead doors. The Adjust-A-Lip raises or lowers automatically to truck bed level and remains at dock level when not in use (for safe cross traffic).

Investigate how the Adjust-A-Lip can speed dock operations in your plant. Mail coupon today!



FREE Get the FACTS! Send for details TODAY!

☐ FREE KIT — "How to Plan a Profitable Truck Dock Operation." Get Booklets on Dock Safety, Modernizing, Levelation Data, Dock Designs, etc.

☐ FREE SURVEY — No obligation.

Tear out and attach this coupon to your letterhead. Sign your name and mail to:

HI-LO Adjustable DOCKBOARDS

KELLEY COMPANY INC.
2131 W. MILL ROAD
MILWAUKEE 9, WISCONSIN

Free to Corporate Executives

"A Guide to Business Car Operating Methods..."
by Allan E. Fitzpatrick

An authoritative, objective 24-page booklet, analyzing all three basic plans for operating business fleet cars. Gives definite criteria for costs and type of use—to help you reduce your own costs materially. **For your own copy, with no cost or obligation, write on your company letterhead to: Fleet Sales Division, Studebaker-Packard Corp., South Bend 27, Indiana.**

Panama-Beaver

Carbon papers
Inked ribbons
Unimasters

Coast to Coast Distribution
MANIFOLD SUPPLIES CO.
Brooklyn, New York

Your postmaster suggests:

For faster and more efficient postal service, learn the "ABC's" of good mailing habits.

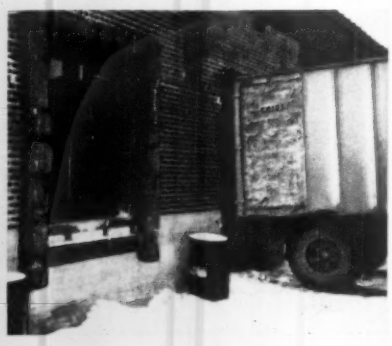
A Postal delivery zone number helps speed your mail.

B Certain to include your return address on all letters and packages.

C That the delivery address is correct and complete.

MAIL EARLY IN THE DAY—
IT'S THE BETTER WAY!

New Product Parade



LIQUID ALUMINUM SIDING: This new building coating contains pure aluminum flakes, which provide waterproofing and insulation in one application. The covering comes in a range of colors and is suitable for coating cement, asbestos, and metal surfaces—which it rustproofs. *"Aluma-Chron," Pace Products, Inc., 1609 Washington St., Kansas City 8, Mo.*

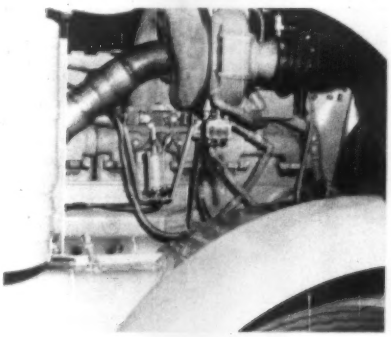
ROLLING MEASURE: This wheel is rolled along surfaces to measure distances. Read-outs in feet and inches are incorporated. Designed to measure smooth surfaces, it clicks at every two feet and sounds a bell at the 100-foot mark. A zero reset knob permits pre-setting desired distances. *"Model 202 Measuring Wheel," The Lufkin Rule Company, Saginaw, Mich.*

SEALING BUILDING TO TRUCK: When a truck is backed tight against the loading dock, these bolsters seal out the elements and protect both building and truck from damage. The bumpers are neoprene-coated nylon stuffed with shredded polyfoam. The tough casing is supplied by Reeves Brothers, Inc. *"Door Gaskets," C. M. Gibbs Company, Syracuse, N.Y.*

CAPS FOR BOLTS: These new plastic caps for steel bolts are designed to hold firm when the bolts are tightened down. The durable plastic, developed by United States Rubber Company, is molded over the bolt heads, and is claimed to be especially effective in high rust and corrosion atmospheres. *Clear-Cite Products, 1323–1325 Webster Ave., Chicago.*

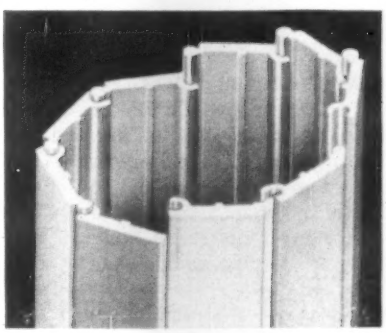
» **THIS MONTH:** *Plastic caps for steel bolts; new engine safety device; portable executive prompter; "float" seat for truck drivers.*

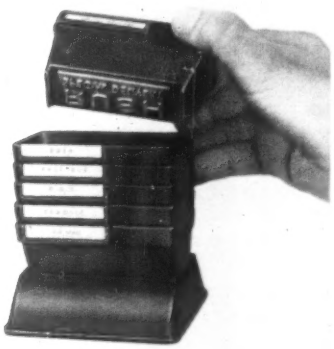
EXTRA BRAKING: A new device for diesel and gasoline engines builds up back-pressure in the exhaust system for providing extra braking power. When accelerator is released, a retarding force against piston areas matches or exceeds the engine's horsepower output. *"Williams Compression Brake," Power Brake Equipment Company, Portland, Oregon.*



SPEECH PROMPTER: Executives can give smooth, assured talks with this new portable speech prompter. Typed script is inserted on a spool and wound past an illuminated panel at a speed controlled by the speaker. The light intensity of the panel can be adjusted to suit room conditions. *"Tel-Executive," Telit Industries, Inc., 226 S. Wabash Ave., Chicago 4.*

MAGNESIUM EXTRUSIONS: Magnesium can now be extruded in complex forms. Since magnesium doesn't wear down dies, dimensions remain constant. Its free-sliding, non-scuffing, and non-galling properties make it suitable for interlocking designs. *"Whitelight Magnesium," White Metal Rolling & Stamping Corp., 92 Moultrie St., Brooklyn 22, N.Y.*





STAMP STACK: A new set of rubber stamps fits together in a convenient "tower." A stamp is selected by picking the proper group of stamps off the top. The ink pads are self-contained for positive, clean inking. Eight stamps can be stacked together and five ink colors can be selected. *"Stampak," Stampak Sales Company, 255 Park Ave. South, New York 10.*

more news on next page

Time has brought decisive progress in the fight against cancer. Ten years ago one in four persons with cancer was saved. Today it's one in three. But time alone will not conquer cancer. Time plus research will. And research needs your dollars. Send your contribution today to "Cancer," c/o your local post office.

AMERICAN CANCER SOCIETY

HOW WOULD YOU INVEST

$6,000?

We'd like to show you how hundreds of businessmen from coast to coast have invested about $6,000 cash and have experienced an *average* return of over $100 A WEEK on their investment. No gimmicks . . . just a sound business investment in a neighborhood coin-operated ECON-O-WASH laundry. An unattended ECON-O-WASH takes up so little of your time that there's no thought of leaving your present job.

The exclusive ECON-O-WASH national advertising program, has included such publications as Life, TV Guide, McCall's, Reader's Digest, and such top network shows as Art Linkletter's House Party and the Don McNeill Breakfast Club. ECON-O-WASH coin laundries are franchised by the American Laundry Machinery Company, world's largest manufacturers of professional laundry equipment. An ECON-O-WASH representative will phone for an appointment to explain the story in greater detail, and perhaps show you the way to the most solid investment you will ever make.

Write to DEPARTMENT DR
Small Equipment Company, Div. of
The American Laundry Machinery Co.
Cincinnati 12, Ohio

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NOW AVAILABLE IN YOUR TERRITORY

One of America's leading manufacturers and wholesalers of brand name sporting equipment (HUNTING—FISHING—BASEBALL—FOOTBALL—BASKETBALL and all other indoor and outdoor sports) desires responsible person to service our SPORTS SHELF in food, drug, variety stores, etc.

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UNLIMITED POTENTIAL
EARNINGS WEEKLY
BONUS PLAN

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SPORTS SHELF CORP.
Dept. D8
39 N. 2nd Street
Phila. 6, Pa.

continued from page 89

SMOOTH SEAT: On this new seat, torsion bar suspension combined with shock absorption smooths out roads for truck drivers. A simple control adjusts the floating action to suit the weight of any driver, and the seat is

completely adjustable to his size. According to the maker, the resulting increase in comfort should mean increased driver efficiency, a lowered accident rate, and less driver turnover. *"Viking Torsion-Bar," Bostrom Corp., 133 West Oregon St., Milwaukee 4.*

»

NEW SHAPES IN SOUND: A new pancake-shaped acoustic device can be used as a high-fidelity loudspeaker, microphone, or hearing device. A 16-inch demonstration model speaker recently shown measured ⅜" deep. One of the inventors states that it is possible to develop such devices in virtually any shape, size, or form. *Emerson Radio & Phonograph Corp., Jersey City 2, N.J.*

»

DECORATIVE SILENCER: A thin layer of vinyl foam can now be laminated to the back of most fabrics to provide a decorative, sound-absorbent wall covering. The material can be tacked or glued directly over existing walls; foam bubbles eliminate the need for pre-framing the wall for dead-air space. *B. F. Ruskin & Company, 1410 Wood Rd., New York 62.*

CANNED TIRE PROTECTION: Ordinary tires are guaranteed puncture-proof for life when treated with a new compound in an aerosol can. Test runs over spikes showed that the compound seals leaks immediately and permanently. It is said the sealer won't gum, ball up, or affect tire balance. The lifetime guarantee provides for refund of the purchase price as well as repair bills. Enough for four tires, $9.95. *"Puncture-Gard," J. C. Whitney Company, 1917 Archer Ave., Chicago 16.*

»

MALLEABLE MAGNETS: In addition to having a strong, more uniform force, a new permanent magnet alloy is said to have excellent ductility, malleability, and machinability. It can be formed into intricately shaped parts by conventional methods. The magnets are available either fabricated or in wire or strip form. *"Cunife," Hoskins Manufacturing Company, 4445 Lawton Ave., Detroit 8, Mich.*

»

AUTOMATIC FLUXING: A new liquid flux for brazing and welding is vaporized and passed through the welding torch into the flame, eliminating the need for manual fluxing. Developed for brazing brass, cast iron, and steel, the manufacturer claims the flux is also suitable for the application of chrome-cobalt-tungsten alloys. *"Cast Iron Liquiflux," Rexarc, Inc., West Alexandria, O.*

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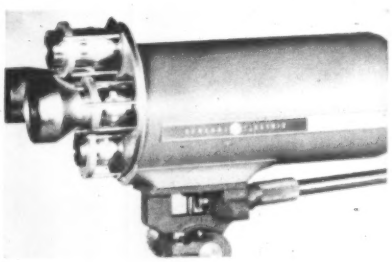

TOUGH TV: This transistorized, closed circuit TV camera is designed to operate under extreme conditions of vibration and noise. Its rugged housing protects the camera from electrical interference. *"TE-9-A," General Electric Communication Product Dept., Mountain View Road, Lynchburg, Va.* —E.G.

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METALWORKING DIRECTORY

INTERNATIONAL TRADE REVIEW

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New York 8, 99 Church St., DIgby 9-3300 ..... George Maturniak, Bert Berne, Tom Navin
Philadelphia 2, 3 Penn Center Plaza, LOcust 8-3500 ..... Alvah B. Wheeler

WEST: John Krom, Western Sales Manager

Chicago 6, 300 W. Adams St. RAndolph 6-8340 ..... John Krom, Ralph O. McGraw
Cleveland 13, 635 Terminal Tower, TOwer 1-3520 ..... Harry O. Andrews
Detroit 26, 1100 Cadillac Tower, WOodward 1-3764 ..... Carl Neppach, Jr.
Los Angeles 14, 610 S. Main St. MAdison 2-2141 ..... Walter Huckins

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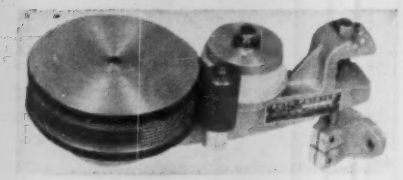

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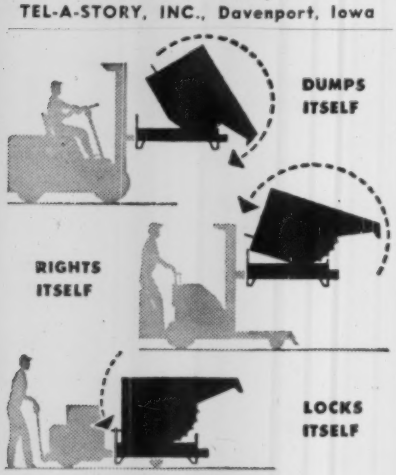

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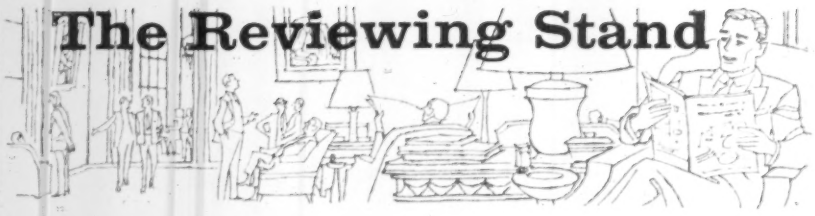


The Indispensable Competitor

A company president asked his staff one day: "What is our greatest incentive to growth?" He got the obvious answers—an improved product, better service, inspired leadership, satisfied customers. "There's one you have overlooked," the president said. "Our greatest incentive to growth is an alert competitor who finds our weakness and tells us about it in the kind of language we understand—sales figures and the P&L statement."

His point was well taken. The competitor who makes a company sit up and say "Ouch" is really telling it some important management facts: that R&D had better get out those new products a little faster, that distribution had better keep pace with improved transportation and warehousing facilities, that service, quality control, and maintenance had better review their performance records.

"Thank the Lord for competition," added the president. "The best test of obsolescence for any company is the growth record of a competitor in a comparable market. Listen to what he says about you in the language of dollars as well as words."

Author at Work

Authors are often envisaged as lonely captives of their own imaginations, writing in ivory towers until they scribble "Finis" on the manuscript. Sinclair Lewis wrote much of *Main Street* on his knee in a commuter train. Thomas Wolfe leaned his huge bulk over the top of an icebox and scrawled his first draft of *Of Time and the River*. Shakespeare, who envisioned the poet composing with eyes "in fine frenzy rolling," wrote backstage between acts. Lincoln, according to popular tradition, put his "Gettysburg Address" down on the back of an envelope. And here's how Clarence Randall writes his "Folklore of Management" series for DUN'S REVIEW, with particular reference to "The Myth of the Magic Expense Account" in this issue. Randall says:

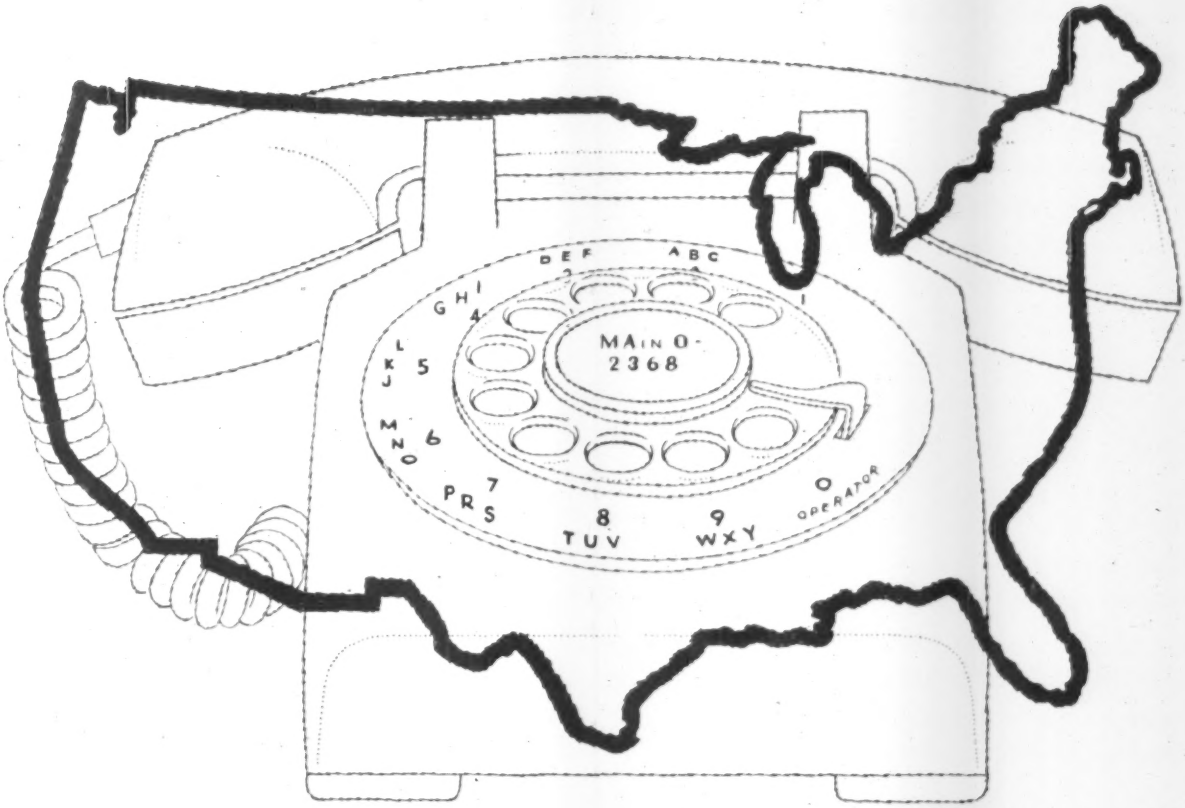
"In a sense, that article was written over a large number of martinis. When I arrived at the airport one day, I was very wroth to find that my plane was three hours late—so wroth that the airline manager felt urged to do something to assuage my anger. So he took me across the street to a cocktail lounge and had a private dining room directly over the bar placed at my disposal. There I wrote the first half of that article."

It is a clever author who can relax his blood pressure by doing a creative stint amid the inspiring chatter of bartenders and thirsty air pilgrims and the roar of jets. Evidently, the place where you write best is the place where you find an idea worth writing about.

Time of Transition

There are big differences in office productivity, according to the specialists who are studying the transition from traditional office procedures to the new specialized techniques that are developing with the advent of the computer. To sharpen the quality of office supervision, management must discard the old-fashioned "monitoring" approach, with its waste motion and useless routines, and replace it by accurate measurement of individual performance, tighter control of the work-load assignment, and sound guidance and motivation.

One expert says the introduction of labor-saving devices only "increases the time available for staff meditation"—unless adequate programming insures that the potential for increased productivity is fully exploited. In the September issue of DUN'S REVIEW, a Special Report to Management will give the newest, most advanced approaches to better office administration in companies large and small. —A.M.S.



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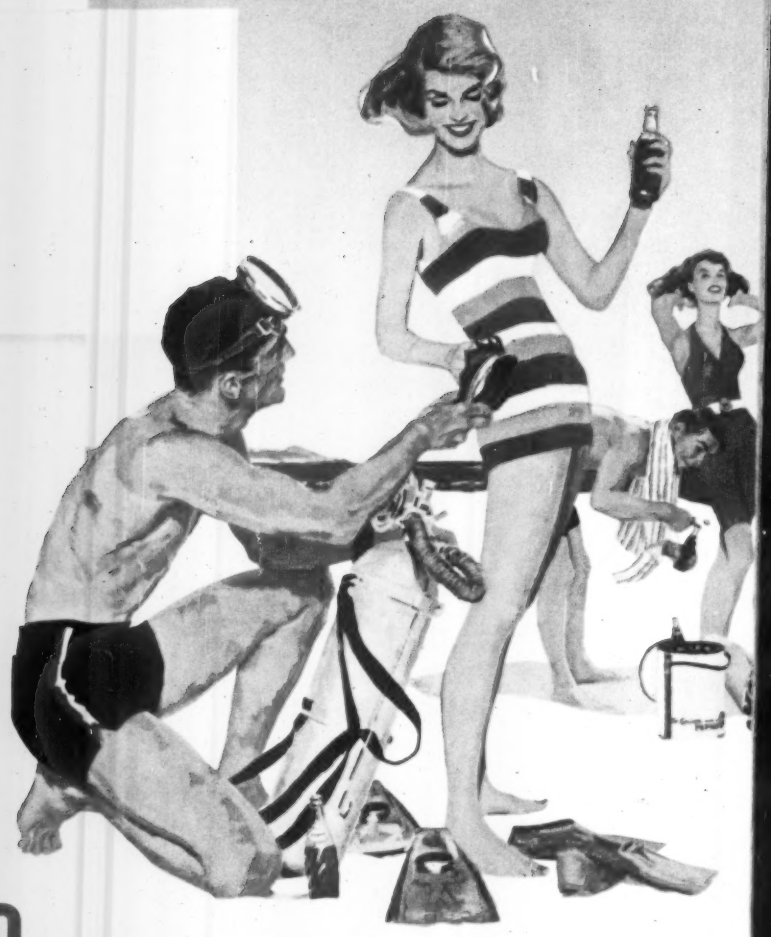

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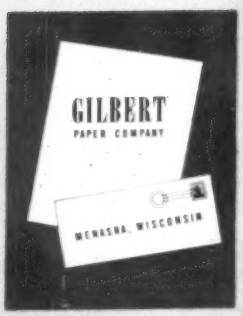

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